Austria ... Sch. 22	Indonesia .. Rp 3100	Portugal .. Esc 100
Bahrain .. Din.0.650	Israel .... NS 3.50	S. Arabia .. Rls 6.00
Belgium ... BFr.48	Italy .... L 1600	Singapore . S$ 4.10
Canada ... C$1.00	Japan Y600	Spain .... Pta 125
Cyprus ... C£0.75	Jordan ... Fils 500	Sri Lanka ... Rup 30
Denmark . DKr.9.00	Kuwait ... Fils 500	Sweden .. SKr 8.00
Egypt .... E£2.25	Lebanon . £1 50.00	Switzerland SFr 2.20
Finland .. Fmk 7.00	Luxembourg . LFr.48	Taiwan ... NT $85
France .. FFr. 8.50	Malaysia .. Rm 4.25	Thailand ... Bht 50
Germany . DM 2.20	Mexico .. Pes. 300	Tunisia .. Din 0.800
Greece .... Dr 100	Morocco .. Dh 6.00	Turkey .... L 500
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. Nkr. 7.00	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,269 Friday June 26 1987 D 8523 A

Tall storeys of the Windy City, Page 24

World news

US moves warships towards the Gulf

Three US warships moved towards the Gulf to reinforce American presence there following President Reagan's decision to give more protection to Kuwaiti ships. Page 4

Meanwhile French Defence Minister Andre Giraud was quoted as saying his country was against forming an international force to secure freedom of navigation in the Gulf.

Golden Temple raid

*Hundreds of police raided the Gold*en Temple in Amritsar to prevent extremists proclaiming a separatist Sikh government. Page 4

Cuban secrets

President Fidel Castro of Cuba said measures had been taken to guard Cuba's military secrets following the defection to the US of a leading air force general.

Waldheim audience

The Pope received Austrian President Kurt Waldheim in a private audience despite widespread Jewish outrage and protests by former concentration camp inmates outside the Vatican. Page 2

Barcelona bomb

A police chief and six other people were slightly hurt when a home-made bomb exploded at a tax office in a Barcelona suburb, hours before suspected members of a Catalan separatist group were to appear in court.

Swoop on squatters

Eight hundred South African troops and police raided a squatter camp outside Cape Town and arrested 110 black people in a "crime prevention operation," police said.

Acid rain plan

Dutch Environment Minister Ed Nijpels called for a Europe-wide environmental plan linking industry and governments in a campaign against acid rain.

French flight chaos

A 24-hour strike by French air traffic controllers plunged European flights to and from Paris into chaos.

Disobedience threat

Sugar plantation owners threatened to launch a civil disobedience campaign in the central Philippines if President Corazon Aquino pushed through sweeping land reforms.

Marine assault

Young Americans were losing moral fibre and patriotism because of flag-burning protests, Watergate, working mothers and lack of religion in public schools, said Gen P. X. Kelley, retiring head of the Marine Corps.

Locusts on march

Locusts have escaped from their usual breeding grounds in north-east Africa and threaten crops from the Atlantic to Arabia, the Food and Agriculture Organisation said

Kidnap contact

The US had been in contact with Syria concerning the kidnapping of American journalist Charles Glass in Lebanon, a senior American official said.

Rock music detente

An East German newspaper published a letter from Communist leader Erich Honecker thanking a West German rock star for sending him a leather jacket and enclosing a horn in return. In his youth, Honecker was a drummer in a Socialist band.

Manila blast

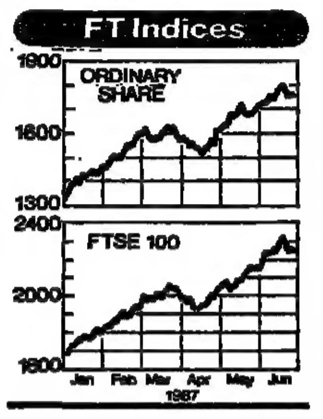
A hand grenade exploded outside the residence in Manila of leading Philippine churchman Cardinal Jaime Sin, injuring two passers-by.

Business summary

Henkel in FFr 2bn bid for French company

HENKEL, West German specialty chemicals and detergent group, has reached agreement to take over Lesieur-Cotelle, French washing and detergents company, for FFr 2bn ($326.5m). The price Henkel is to pay for the company is 39 times its 1986 profits of FFr 1.35m. Page 25

WALL STREET: The Dow Jones industrial average closed up 22.64 at 2,451.05 Page 48



LONDON: Sterling's dull performance and Argyll Group's big rights issue conspired to weaken equity prices. Gilts eased. The FT-SE 100 index fell 6.8 to 2,277.2 and the FT Ordinary index lost 0.9 to 1,772.5. Details Page 44

STERLING closed in New York at $1.6135. It fell in London to $1.6125 ($1.6215); to DM 2.9475 (DM 2.9550); to SFr 2.4475 (SFr 2.4500); to FFr 9.8375 (FFr 9.8625); but rose to Y236.00 (Y235.00). The pound's exchange rate index fell 0.1 to 72.2. Page 37

DOLLAR closed in New York at DM 1.8295; SFr 1.5190; FFr 6.1050 and Y146.25. It rose in London to DM 1.8280 (DM 1.8225); to Y146.3 (Y145.0); to SFr 1.5185 (SFr 1.5110); and to FFr 6.10 (FFr 6.0825). On Bank of England figures the dollar's exchange rate index rose 0.2 to 102.2. Page 37

GOLD fell $1.00 on the London bullion market to close at $441.00. It also fell in Zurich to $440.75 ($441.95). Page 36

TOKYO: A resurgence in high technology issues extended share price gains. The Nikkei average closed up 138.60 at 25,031.35. Page 46

LE MATIN, leading French Socialist daily newspaper, has been rescued from bankruptcy by a survival plan put together by a group of senior journalists at the paper and backed by readers, other publications and some of France's leading financial figures. Page 3

EC COMMISSION President Jacques Delors called on the heads of state and government of the Community to set clear guidelines for future financing and agricultural reforms at next week's summit, to avoid an imminent financial crisis.

SAAB-SCANIA, Swedish automobile and aerospace group, reported a 15.5 per cent drop in profits in the first four months of 1987, mainly because of lower profits in its car division caused by the dollar's decline. Page 25

DAINIPPON INK and Chemicals, large Japanese chemicals group which has been expanding aggressively in the US, launched an unexpected offer of $52.50 a share, or about $460m, for control of Reichhold Chemicals. Page 25

FECSA, Spanish electrical utility which is negotiating with foreign and Spanish banks in order to ease a $5bn debt burden, reported losses of Pta 12.7bn ($100m) for 1986, with deferred costs of Pta 22.8bn. Page 27

STERNS DIAMOND Organisation, South African retail jewellery chain which has just been acquired by British interests, returned to profit in the year to March and expects a further profit advance in the current financial year. Page 26

Gorbachev unveils 'revolutionary' economic reform

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday outlined to the Communist Party Central Committee in Moscow his plan to reform completely the Soviet economy.

The meeting is seen as crucial to the introduction of radical change in the economy following the failure of piecemeal economic reforms to have much impact during Mr Gorbachev's first two years in office.

"Taking our economy out of the pre-crisis situation in which it has found itself calls for in depth, truly revolutionary transformations," Mr Gorbachev told the 307 members of the central committee, which includes all top Soviet officials.

The reforms outlined by Mr Gorbachev would reduce central control of the economy, boost the independence of enterprises and leave many prices to be determined by wholesale trade rather than by fiat from Moscow.

In his speech, Mr Gorbachev gives for the first time the outline of a coherent strategy for economic reform. This contrasts with the reforms since 1985 under which enterprises were allowed greater independence but still found their basic inputs and outputs controlled by Moscow.

Nevertheless, the Soviet leader said the economy was showing signs of slow improvement, with industrial output up 4.4 per cent and agriculture 3 per cent in 1985 and 1986.

Mr Gorbachev said change had not been sufficiently drastic. He appears to have taken to heart the views of economists and plant managers, expressed with increasing openness in the past six months, that half a reform would be worse then none at all because conflicting principiles of economic management would cause chaos in the factories.

He also said the economic changes could be carried through only if there was greater democracy in the Soviet Union and in the Communist Party itself.

A special conference of the Communist Party is to be called on June 28 next year to consider the progress of economic and political re-organisation since 1985.

The central economic bodies in the Soviet Union, such as Gosplan and the ministries, are, in general, opposed to such radical reforms as Mr Gorbachev is proposing, but they are likely to be welcomed by the provincial party leaders who make up almost a third of the central committee.

Mr Gorbachev has also strengthened his position in the past six months by the greater freedom of expression in the press and the increasingly sharp attacks on the top economic administration by economists and journalists.

He said he believed little had been accomplished yet. "We are actually only on the first wave of restructuring. This wave has sent ripples through stagnant water."

Mr Gorbachev pointed to examples illustrating the lack of organisation in the running of the Soviet Union, and mentioned in particular "the violation of Soviet air space by the West German sports plane and its landing in Moscow. This is an unprecedented occurence from all points of view."

He also told the central committee that an organisation might have to be established to combat corruption and abuse of office but he did not elaborate.

Hungary brings younger men to aid of economy

BY LESLIE COLITT IN BERLIN

THE HUNGARIAN leadership under Mr Janos Kadar was reshuffled yesterday in a long awaited attempt to overcome a deteriorating economic situation through the promotion of younger party officials.

Mr Karoly Grosz, 57, one of the contenders to succeed the 75-year-old Mr Kadar as general-secretary of the Communist Party, was appointed Prime Minister, replacing Mr Gyoergy Lazar. The appointment reflected the growing responsibility which the Government is to be given for running the economy.

Another main contender to succeed Mr Kadar, Mr Janos Berecz, a personal rival of Mr Grosz's, was moved into the ruling Political Committee. He remains chairman of the Central Committee, responsible for the key post of "agitation and propaganda."

Hungarian officials said the rejuvenated leadership would help implement new economic reforms which were expected to be announced by the party next month. Economic reform is urgently needed.

Hungary suffered a $1.4bn current account deficit last year, three times the 1985 figure. Little improvement was shown in the first five months of this year, which saw a hard currency trade deficit of $400m. The country's net hard currency debt rose from $5.1bn at the end of 1985 to $7.8bn last year.

The leadership reshuffle, undertaken at a plenary meeting of the Central Committee and approved by Parliament, was similar to previous ones which left Mr Kadar untouched but moved around senior officials such as Mr Karoly Nemeth, who was once a prime candidate to succeed him. During a recent visit to Sweden, Mr Kadar said he had no plans to collect his pension.

The new Prime Minister, Mr Grosz, is one of the rare colourful personalities in East European politics. He is extremely outspoken and is widely regarded in Hungary as a populist who recently gave warning that the party had delayed long enough in introducing new reforms.

He also criticised the party's information policy – for which Mr Berecz is responsible. During last October's anniversary of the 1956 Hungarian uprising, Mr Grosz said in a radio interview that virtually all his workmates and friends had taken part in the uprising and that he felt "very lonely in those weeks."

In other moves, Mr Lazar was chosen to replace Mr Karoly Nemeth in the not very influential post of Deputy General-Secretary to Mr Kadar. In turn Mr Nemeth moved into the presidency previously occupied by the ailing Mr Pal Losonczi, who retired.

The senior party official in charge of the economy, Mr Ferenc Havasi, was appointed to the job Mr Grosz previously held, that of Budapest party secretary. Mr Havasi was in charge of the economy when it faltered in 1985 and fell into deeper trouble last year. He was replaced yesterday by Mr Miklos Nemeth who worked under him.

The controversial Mr Grosz was relegated more than once to the provinces by a mistrustful party. Each time, though, he distinguished himself and was recalled to Budapest for advancement.

Airline reforms threatened by crisis over Gibraltar

BY TIM DICKSON IN LUXEMBOURG

A MAJOR NEW European Community crisis erupted in Luxembourg last night when Spain blocked a key package of airline reforms over the issue of Gibraltar.

All other obstacles to the deal had been removed during tense and *sometimes bitter negotiations on* Wednesday and early yesterday morning. But the agreement, which under Community voting rules has to be unanimously agreed by all member states, is now in danger of falling apart.

Mr Abel Caballero, Spain's Transport Minister, insisted throughout the negotiations that the British Territory's airport should be exempted from the scope of the directive on the grounds that to do otherwise might prejudice the outcome of bilateral negotiations between London and Madrid on aspects of the future of Gibraltar (including air services) since 1984.

A clearly exasperated Mr Paul Channon, Britain's Transport Minister, responded last night that this was a "wholly unreasonable demand" and that nothing in the agreement would change the status of the airport.

Spain's action was immediately deplored by the European Commission as a possibly fatal setback for the cause of air liberalisation, although Community officials pointed out that the consequences could go deeper.

Besides raising the previously dormant question of the disputed status of the British territory at European level for the first time, yesterday's developments highlight the increasing difficulties in Brussels of achieving a barrier-free internal market by 1992.

They cast a cloud over otherwise friendly Anglo/Spanish relations and illustrate, not for the first time, the problems which Spain as a new member state has had adjusting to membership of the European "club."

Heavy diplomatic pressure is now likely to be applied on both sides to find a way out of the impasse before Tuesday, when another meeting of EC Transport Ministers has been provisionally arranged.

The issue could be discussed over the weekend at an informal meeting of the Community's foreign ministers and may even be slotted into the already crowded agenda for the summit of EC heads of state on Monday and Tuesday.

Continued on Page 24
Background, Page 3

Threat of violence hangs over march in S. Korea

By Maggie Ford in Seoul

THE THREAT of dangerous confrontation, possibly leading to military intervention and destroying hopes for democratic change, yesterday hung over South Korea.

As Opposition leaders decided to go ahead with a major peace march today which the Government condemned as subversive, concern grew that students dedicated to revolution could take over the peaceful protest.

The Government, however, issued a series of conciliatory statements which went some way to meeting the Opposition's demands. Having eventually released Mr Kim Dae Jung, co-leader of the main Opposition party from house arrest, it promised to free almost all other detainees arrested since the disturbances began by next Monday.

Mr Kim said that he was ready to co-operate with the Chun Government in exchange for greater democracy. Mr Kim Young Sam, the other co-leader of the party, met President Chun on Wednesday for talks he later described as a failure. The ruling Democratic Justice Party confirmed yesterday, that President Chun had agreed to the resumption of talks which he called off in April.

In an unusually conciliatory statement, the national police chief asked South Koreans to refrain from involving themselves in today's demonstration, which came at a time when hopes were rising on the basis of pan-national efforts to stabilise the situation.

Adopting an unusual non-inflammatory tone, he apportioned blame for the death of a combat policeman last week, which has aroused anger in the forces, not to the usual anti-communist subversive elements, but to the hooligans people believe were responsible.

Strong concern was expressed yesterday in newspaper editorials about radical students whom analysts believe are becoming more influential as the crisis continues without firm agreement.

The influential Dong Ah Ilbo told parents that it was their responsibility to warn student children about the dangers of encouraging Communist North Korea.

Meanwhile, Pyongyang radio said that it had no intention of involving itself in military activity against the South and urged the Opposition to continue the struggle against Mr Chun's regime.

A US official delivered a strong warning to the South Korean military yesterday not to intervene in the political situation.

Barclays wins California tax test case

BY LOUISE KEHOE IN SAN FRANCISCO

CALIFORNIA's controversial unitary tax system, under which it has taxed the worldwide revenues of multinational companies with operations in the state, has been ruled "unconstitutional" by a Sacramento county court.

The ruling, which takes effect next week, could clear the way for hundreds of non-US companies to claim tax refunds totalling hundreds of millions of dollars.

Although California's legislature last year passed a bill that effectively repeals unitary tax, the change does not take effect until 1988. The court's ruling would make the tax change retroactive.

The ruling came in a case involving Barclays Bank of California and Barclays Bank International, which challenged the tax system and claimed that the bank had been improperly charged more than $250,000 under the unitary tax system in 1977.

The case could have significant implications for many international companies with operations in the state. Several legal challenges have been mounted against unitary tax and many major US and foreign corporations have refused to pay unitary tax, pending the outcome of their appeals.

British and Japanese companies, including Barclays, led the effort to win repeals of California's unitary tax, which involves several years of lobbying in Sacramento and in Washington.

At issue are millions of dollars in back taxes due from the multinational corporations and additional millions in taxes paid since the tax system was instituted in 1969.

California is estimated to have levied about $500m a year in unitary taxes in recent years. The state could now be forced to rebate significant portions of those taxes.

The state Franchise Tax Board said yesterday that it planned to appeal the court ruling on unitary tax.

Ms Joanne Garvey, a San Francisco attorney who represented Barclays, said the chances of the ruling being overturned by an appeal court were small. But she said the case could take several years to resolve and might ultimately go to the US Supreme Court.

Ms Garvey said the Sacramento court's ruling was a "vital breakthrough" for foreign multinational businesses.

The state could owe Barclays "several million dollars" if the banking company sues for taxes paid in years other than 1977, Ms Garvey said. She stressed that Barclays' suit was intended to advance the cause of all foreign multinational businesses.

The case may also ultimately clear up uncertainties surrounding California's new tax system. The tax revisions passed last year offer multinational corporations the option to elect to be taxed only on their US earnings, but also establish an "election fee" to be paid to the state.

Debt relief urged for Third World

BY ANATOLE KALETSKY IN NEW YORK

SUBSTANTIAL debt relief for Third World countries, including the partial forgiveness of past bank debts, will be required to restore international financial equilibrium and to re-establish the creditworthiness of the developing world.

This controversial viewpoint was put forward yesterday by Mr Henry Kaufman, the influential chief economist of Salomon Brothers, in one of the first proposals for explicit cancellation of Third World bank debts to be aired publicly by a senior figure from the US financial establishment.

Mr Kaufman, who has been broadly supportive of the US authorities' debt strategy in the past, told a Euromoney conference in New York that current policies had resulted in "no significant improvement in the creditworthiness of developing countries". It was now time to recognise that the Third World faced a problem of solvency – and not just of liquidity, as assumed by the US Treasury's Baker Plan. This meant that the basic assumptions of the Baker Plan were no longer valid.

Mr Kaufman proposed an alternative approach, based on a new framework of debt relief, accompanied by monitoring of more realistic economic policy goals by the

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Private funding for Africa, Page 4

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WHEN A SINGLE WORD CAN SPELL CONFUSION

Hong Kong Governor Sir David Wilson: trying to bridge a semantic gap, Page 24

Tim Dickson in Luxembourg examines yesterday's EC transport meeting

Air reforms take off into the clouds

"It is not going to revolutionise European air transport and nobody should pretend that it will," Mr Peter Sutherland, EC Competition Comissioner in Luxembourg yesterday.

"The overall result will be the creation of considerable new benefits for the Community air traveller," Mr Stanley Clinton Davis, EC Transport Commissioner in Luxembourg yesterday.

With the long-awaited package of EC air reforms grounded yesterday on the single rock of Gibraltar, the question of working out the practical implications of the deal if Britain and Spain could settle their differences began in earnest.

Given that th enegotiations had to win the unanimous approval of 12 member states, nobody was disguising the fact that major concessions have had to be made over the past 12 months (and especially in the last few weeks) to win the support of the more reluctant member states.

Thus Denmark, Spain, Greece and Italy have been granted significant exemptions to block the entry of new inter-European services to some of their key airports, including such popular destinations as Venice, Athens, and Malaga.

The package, moreover, does not remove the vast edifice of cosy bilateral government-to-government agreements which have enabled the airlines to share capacity and revenues in a blatantly anti-competitive way. It acknowledges their existence but essentially days down new rules which they will have to observe and which tre designed to get rid of the worst excesses.

The new deal, for example, will limit the power of governments to block proposals for lower fares. According to Mr Clinton Davis, about two-thirds of the discount fares currently available on flights between member-countries could be cut by an extra 10 or 20 per cent.

Cheap fares on off-peak flights would be allowed without restrictions such as the mandatory Saturday night stay-over though there would be a 20-50 per cent cancellation charge. The veto powers which governments can use to block economy fares will disappear and bilateral fare fixing between airlines will be forbidden.

The decisions on market access — the section of the package which ultimately caused the most difficulties — should provide the opportunity for more services, particularly between the main hub airports and smaller regional airports, and also on the busiest routes (though the list of exemptions will be a limiting factor). The most progress was made unexpectedly on the issue of fifth freedom, that is to say the right to set down and pick up passengers at one destination before flying on to another.

This has been granted all round provided the two airports concerned are not both "hubs" — Ireland and Portugal have been granted limited but significant "fifth freedom" rights to fly hub to hub which observers say could open up the opportunity for more new airlines.

As for the traveller much depends on whether the new competition will bring fares down on these routes.

These new opportunities, however, will all be circumscribed by the continuation of capacity and revenue-sharing agreements between member states. For the first two years after the package comes into effect (October 1 all being well) a government will only be able to intervene if the market share of its airlines falls below 45 per cent (of all routes), compared with the 50/50 arrangements which are not uncommon at the moment. This will drop to 40 per cent for the third year.

The Commission was also pointing out yesterday that it will in future have powers to launch dawn raids, investigate and ultimately fine, airlines that do not obey the new rules. At the moment air transport is specifically excluded from such actions.

Rogers warns of arms curb 'rhetoric'

GENERAL Bernard Rogers, the retiring military commander of Nato, departed the US European Command yesterday with a warning against "seductive rhetoric" in Soviet arms control offers, AP reports from Stuttgart.

In a ceremony transferring the command to General John Galvin, Gen Rogers said the West should not relax its vigilance in the face of increasing Warsaw Pact military strength.

"Although the seductive rhetoric of the Soviet leadership falls on many receptive and gullible ears in the West, we have yet to see any reduction in Soviet military capabilities or any modifications in the expansionist Soviet policy," Gen Rogers said.

"We need to ask ourselves if the Soviet interest in the current arms reduction negotiations is but merely an effort to reduce the credibility of our deterrence while leaving relatively unaffected its own capability to threaten Western Europe."

Gen Galvin said the US European Command represented the "central focus of American foreign policy. We are committed here—physically commited—to the defence of Western Europe and thereby to the defence of the US," he said.

Review of N-safety proposed

By George Graham in Paris and Max Wilkinson in London

NUCLEAR SAFETY programmes in the West should be reappraised in the light of last year's disaster at the Chernobyl nuclear reacter in the Soviet Union, a report from the Paris-based Nuclear Energy Agency has recommended.

The report concludes, however, that the disaster brought to light no new previously unknown nuclear safety problems and that no immediate modifications or regulatory changes are needed in Western countries.

The agency, an offshoot of the Organisation for Economic Co-operation and Development, says that Soviet designers knew that the RBMK type of nuclear reactor was potentially dangerous. Measures r>w being taken to improve the RBMK's safety should improve stability and control, but are difficult to judge without more detailed information. The RBMK is a type of graphite reactor not used in OECD member countries.

The report says the chain of events which the Soviet Union believes caused the disaster is plausible, and that the operators carrying out an experiment on the night of the accident clearly did not understand the potential risks.

A separate report by the NEA yesterday suggests that the Chernobyl accident has had relatively little effect on the plans of developed countries for nuclear energy.

Its 1987 report on "Electricity, Nuclear Power and Fuel Cycle Data in OECD Countries," it says: "In only one country does it appear that planned expansion has been affected specifically by the Chernobyl accident."

The report shows that in 1986, nuclear energy accounted for 22 per cent of total electricity generated in OECD countries. The amount of nuclear power generated last year was 8 per cent higher than in 1985. By 1990, it expects the amount to have increased by a further 25 per cent. It is then expected to account for 24 per cent of electricity generated in the OECD.

The country with the highest proportion of nuclear electricity will be France, with 76 per cent, followed by Belgium with 61 per cent and Sweden with 47 per cent. By the year 2005, the agency expects the total amount of electricity generated will be about twice as much as last year, but it will still only account for a little over a quarter of electricity produced.

By 2005, the agency predicts, 179,000MW of additional nuclear power capacity will have come into operation compared with 223,800MW operating last year. This implies that between 170 and 180 new reactors will te built in the period in the developed world.

Volkswagen seeks court freeze on broker's assets

BY HAIG SIMONIAN IN FRANKFURT

VOLKSWAGEN has taken legal steps in Switzerland to freeze the assets of Mr Joachim Schmidt, the Frankfurt foreign exchange broker who is being sought by state prosecutors in connection with a DM 473m (£160m) foreign exchange fraud at the company.

VW has taken out four summonses against Mr Schmidt for payments totalling DM 40m. The company has also taken legal action to have certain identified assets frozen as "an insurance," according to its spokesman Mr Ortwin Witzel.

They include the accounts of companiess which belong or belonged to Mr Schmidt, as well as bank accounts in his or nominees' names, said Mr Christian Craseman, the local prosecutor in Meilen, near Zurich.

Mr Witzel said the DM 40m was a partial figure and said VW had taken steps to freeze Mr Schmidt's assets in Liechtenstein and West Germany.

The freezing of Mr Schmidt's Swiss assets is only temporary and VW will have to launch a civil action to recover any moneys. According to the official journal of the canton of Zurich, the company has taken out four orders in the local court at Meilen. Mr Witzel confirmed that VW may seek to take action against any other assets of Mr Schmidt's it might identify.

Mr Craseman is meanwhile co-operating with the state prosecutors office in Braunschweig, near VW's headquarters at Wolfsburg, in the criminal investigation into the fraud.

He confirmed the authorities were still hoping to find out where Mr Schmidt was.

Kadar clears out the top drawer

BY JUDY DEMPSEY IN VIENNA

IN A broad sweep Hungary's party leader, Mr Janos Kadar, has replaced the country's President, appointed a new Prime Minister, promoted new faces to the politburo and named a new party boss for the capital, Budapest.

The two most interesting names in the reshuffles are those of Mr Karoly Grosz and Mr Janos Berecz. Both men, aged 57, have their eyes firmly on the leadership when the almost immortal Mr Kadar relinquishes power.

By promoting these two individuals particularly, Mr Kadar has demonstrated once again his ability to maintain a balance in the politburo and to postpone the nagging question of the succession. Hungary is going through a period of economic depression and political uncertainty, coupled with low morale in the country. Important decisions have to be taken about the future direction of the economy.

The question is not about reversing the reforms: it is now sharply focused on the pace and direction of the reforms which, radical economists in Hungary argue, need to be accompanied by important changes in the political arena. The promotion of both Mr Berecz and Mr Grosz suggests that tough decisions in the economy might be made in the future but not at the expense of weakening the role of the party.

Both men are tough party apparatchiks; however, they rarely share the same platform on public occassions. "They keep their distance from one another," was how one Hungarian journalist put it, clearly hinting that both men stand in the way of each other in succeeding Mr Kadar.

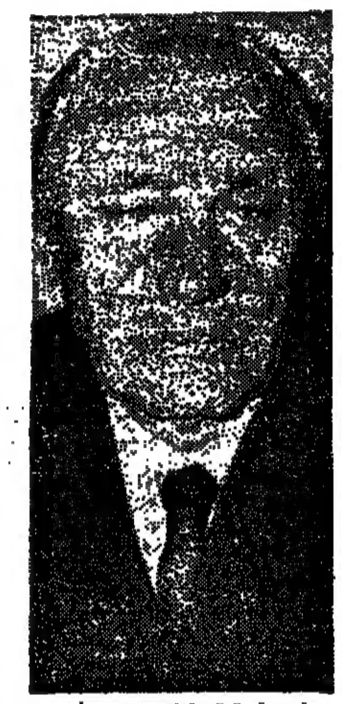
Karoly Grosz was born in Miskolc in 1930, the son of a printer who was a member of the then illegal Communist party. That year, his father organised a strike and was sent to prison. The young Karoly took up his father's trade and politics and joined the party in 1945.

During the Hungarian uprising of 1956, Mr Grosz remained loyal to the party, for which he was rewarded. In 1961 he was appointed party secretary of Hungarian radio and television and later made deputy head, then head, of the *agitprop* department of the central committee from 1 1979.

But then his political fortunes changed. He fell out with Mr Kadar and was sent to run the party organisation in Miskolc. By December 1984 he was back in Budapest running the party organisation.

His early months in the capital showed him as a tough, no-nonsense politician who has little patience with liberal intellectuals. He is now considered a pragmatist, but not a popular one; he is thought to be tough enough as the new Prime Minister to push through structural changes in the economy. "If Grosz is leadership material," a party official commented, "he needs more experience, especially in economic matters."

If Mr Janos Berecz is now in the running for the leadership, his promotion to the politburo sharpens his profile even further. He is an ambitious and not particularly popular party careerist who, in the words of one Hungarian historian, "continually meddles in our work and who will change his mind if it suits his political career."



Mr Kadar: political balancing act

Mr Berecz has always been careful to nurture his political career. He has excellent party credentials. He was head of the Communist Youth Movement of the university in Budapest from 1959 to 1963, did a stint at the academy of social sciences of the CPSU central committee in Moscow from 1963 to 1966 and returned to Budapest as secretary of the party committee of the Foreign Ministry, later becoming head of the central committee's foreign affairs department.

He edited the Communist party daily, Nepszabadsag, from 1980 to 1985, never deviating from his view as political writer, journalist and commentator that the 1956 uprising was a "counter-revolution."

During the party congress in 1985, he was promoted to chairman of the propaganda department of the central committee, a post which *did* not endear him to the writers' union with whom he had a serious row late last year. Part of his power base lies in the influential central committee, particularly among those party members who want to protect the leading role of the party especially in cultural and ideological matters.

Waldheim sees Pope amid tight security

By John Wyles in Rome

DR KURT WALDHEIM'S much criticised official visit to the Vatican, his first as President of Austria to a Western European capital, passed off undisturbed yesterday by dignfied protests and huge security measures.

Wearing his sash of office over the black morning dress which is traditional for such occasions, the former UN Secretary General now accused of links with Nazi war crimes and of trying to cover up his service as an officer in Hitler's Wehrmacht, spent 35 minutes in conversation with Pope John Paul II in the latter's private library.

Joined later by his wife, Mr Alois Mock, the Austrian Foreign Minister, and other members of his entourage, Dr Waldheim then listened to a 12 minute speech of welcome from the Pope who, speaking in German, dwelt at length on Austria's contributions to the maintenance of peace and on its generous shelter of refugees. The Pope looked back "with joy" on his first visit to Austria in 1983 and "with hope" to his second next year, which will be at the invitation of the Austrian bishops.

Closed square

Meanwhile, in the hot sunshine outside, up to 200 protestors found themselves excluded from St Peter's Square which, in a very unusual security move, had been closed off since dawn. Television cameras focused on Rabbi Avi Weiss from New York and two colleagues who were dressed in concentration camp uniform, while other representatives of the Italian Jewish Community paraded around the entrance to the square with black placards bearing the names painted in yellow of Nazi concentration camps.

Elsewhere, one young man carried a wooden gallows and a placard saying, "Waldheim offered the gallows, the Pope offers the cross." One demonstrator claimed afterwards that they had scored a small success in forcing Dr Waldheim and his party to enter the Vatican "by the back door" and not down the main access road, the Via della Conciliazione.

The only slip-up to affect the demonstration had occurred the night before when a smoke bomb went off prematurely in the hotel room close to the Vatican taken by Ms Beate Klarsfeld, the 48-year-old Berlin born "Nazi-hunter" who played a key role in locating Klaus Barbie in Bolivia. She had planned to release the black smoke today as "a contrast to the white smoke which symbolises a pope's election," she said.

After delivering a 15-minute reply to the Pope's speech of welcome, dwelling on hopes for peace and an end to the divisions in Europe, Dr Waldheim exchanged presents with the Pope: his a crystal glass vase, the pontiff's a madonna and child in black Murano glass.

Then according to the dictates of protocol, the President was introduced by Cardinal Casaroli, the Vatican Secretary of State, to the accredited diplomatic corps—on this occasion somewhat abbreviated.

Missing envoy

American displeasure with Dr Waldheim—marked until now by denying him entry to the US—was further underlined by the absence of its ambassador to the Holy See, Mr Frank Shakespeare, who was represented by the embassy's number three. Costa Rica, Honduras and the Principality of Monaco had officially announced that they would not be present, while other absentees—not all for reasons of diplomatic protest—included the Italian ambassador, as well as the British, the Belgian and the Dutch.

Dr Waldheim's final act before completing his landmark visit—to be followed shortly by an official journey to Jordan—was a walk down into the Basilica for prayer on the tomb of St Peter.

Top Communist quits French party leadership

BY PAUL BETTS IN PARIS

THE FRENCH Communist Party has suffered another top level defection with the resignation of Mr Pierre Juquin, leader of the reformist faction, from the party's central committee.

His departure highlights the increasing divisions inside the party, which has suffered a steady electoral decline during the past few years, gaining barely 10 per cent of the national vote in last year's parliamentary elections after commanding more than 20 per cent a decade ago.

Mr Juquin: reformist

Mr Juquin, who is 57 and was once the party's official spokesman, has led the so-called *renovateur* or reformist movement in the party urging a radical change in French Communist policies and approach. He and his followers have argued for greater internal democracy inside the party.

The reformists have also sought to reduce the party's traditional dependence on Moscow and adapt policies to the changing structures of French society. Without a profound transformation, the party had little hope of halting its alarming electoral decline, Mr Juquin has warned on several occasions.

But the Communist's hardline leadership and its secretary-general Mr Georges Marchais, have systemically refused to make any concessions to the reformists. Indeed, they have repeatedly sought to quash the dissidents by refusing any dialogue with them and accusing them of undermining the movement. Moreover, the leadership has also attempted to dismiss the reformists as a small group of discontented intellectuals.

But Mr Juquin yesterday claimed that they had the support of about 50 per cent of Communist voters in France. He also indicated that he was planning to pursue his crusade to change French Communist mentalities.

Indeed, Mr Juquin has not ruled out the possibility of standing as an independent reformist Communist candidate in next year's French presidential elections challenging the party's official candidate, Mr Andre Lajoinie, who is currently head of the Communist parliamentary group in the National Assembly.

Mr Juquin is the third leading reformist member of the party to resign from the central committee this year, after Mr Claude Poperen, a historic figure of the party, and Mr Marcel Rigout, a former Communist minister in the French left-wing coalition government between 1981-84.

Mr Marchais reacted bluntly to Mr Juquin's resignation, stating that "Pierre Juquin represents nothing." Relations between them had become particularly bitter. The Communist party daily newspaper, L'Humanite, also said yesterday that Mr Juquin "no longer represented anything in the PCF."

But the internal split in the party is clearly proving deeply embarrassing for the hardline leadership whose policies have now come under public criticism from a growing number of disenchanted party members. Even though Mr Juquin is unlikely at this stage to win more than 1 or 2 per cent in the first round of the presidential elections should he eventually decide to stand, he would undoubtedly damage even further the performance of Mr Lajoinie, who is not expected to gain much better than 7 per cent.

Indeed, the extreme right-wing National Front now seems to have clearly outdistanced the Communist party las the country's fourth political force after the Socialists, the neo Gaullist RPR and the centrist UDF coalition. Mr Jean Marie Le Pen, the National Front leader, is currently expected to win about 11 per cent or more of the national vote in the first round of the presidential contest, taking not only from the right but also from the Communists.

Bankruptcy threat lifted from Le Matin newspaper

BY GEORGE GRAHAM IN PARIS

LE MATIN, France's leading Socialist daily newspaper, has been rescued from bankruptcy.

The Paris commercial court yesterday accepted a survival plan put together by a group of ten senior Le Matin journalists, backed by readers, other publicaptions and some of France's leading financial figures.

The group will buy the title and assets of Le Matin, which filed for bankruptcy last month, for a FFr 2m (£204,000) down payment and a further FFr 3m to be paid by the end of the year.

The rescue of Le Matin, despite its Socialist editorial line, has aroused a surprising unity, with the right-wing Prime Minister, Mr Jacques Chirac, personally intervening to ensure early payment of a state subsidy due to go to the newspaper later in the year. Advertisers and rival newspapers have also lent their support to the operation.

The ten-year-old newspaper had been losing FFr 6m a month after a steady decline in circulation, and had to file for bankruptcy when journalists and print workers went on strike to force payment of April salaries.

Soviet reforms forecast to reduce drug abuse

BY CHRISTIAN TYLER IN VIENNA

THE SOVIET reform programme known at *perestroika* lead to a reduction in drug-taking, according to Mr Alexei Moskvichev, a Soviet deputy Health Minister.

Although the country had a much smaller drug problem than others, it was "a primary task" of the authorities to prevent and reduce the proliferation of drug abuse, he said yesterday. This would be achieved by moral, cultural and physical measures stressing "the development of the human personality."

The minister said there were 49,000 registered drug addicts in the Soviet Union, including those who had given up the habit. He gave no estimate of trends or the true incidence of drug taking but claimed no case of cocaine, heroin or LSD abuse had occurred in the last 10 to 15 years.

Asked about drug taking among Russian troops in Afghanistan, Mr Moskvichev claimed any impression of a general problem was "far-fetched," although he admitted there might be individual cases.

"I don't know why this question occurs again and again," he said at a press briefing during a UN conference on the worldwide drugs problem. I personally know a number of young soldiers returning from Afghanistan, and, believe me, they become among the best students in our colleges."

Most drug use in the Soviet Union was confined to cannabis, cultivated mainly in the north Caucasus and southern Ukraine and parts of the Soviet Far East.

Mr Moskvichev did not accept the decription of the Soviet Union as a transit country for narcotics produced in Afghanistan for sale in the West. He claimed that no Afghan narcotics penetrated the Soviet border. Small amounts of heroin and cocaine were occasionally found on transit passengers.

Last November, Soviet customs officials discovered 1,200 kg of hashish in a container load of raisins from Afghanistan destined for Hamburg in West Germany. The container was being transported across the Soviet Union, according to a report by the international Customs Co-operation Council.

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Godfrey Grima assesses the new Government's position in the light of last week's disturbances

Mood of violence gives way to shame in Malta

THE GROUNDSWELL of national reconciliation which Malta's new Prime Minister, Mr Eddie Fenech Adami, hoped to create following his electoral victory last month has now disintegrated in the violence which raged through the streets of Valletta on Friday.

The disturbances have put the newly elected Nationalist administration in a quandary: has the opposition Labour Party of Mr Carmelo Mifsud Bonnici proved that its writ holds even after being voted out of power? Or was this simply a protest rally which got out of hand?

Whatever the case, for an entire afternoon it appeared as though the Government, rather than the police, had been overrun.

For Mr Fenech Adami, who has now given responsibility for the police force to Army commander Col John Spiteri, the test of strength came before the administration, still in its first hundred days, had found its feet. As he spoke of the grim day's events in a nationwide televised address on Friday, Mr Fenech Adami left a lingering impression that the Government lacked the physical strength to defend itself from demonstrators who had patently commandeered the streets of the island's capital city.

Within the Labour camp, too, the feeling is one of embarrassment rather than jubilation. In a statement the party blamed the Government's administrative moves, including the transfer of supporters from one government department to another, for the rising tension.

It was perhaps the relative calm which followed the election which made the sudden outbreak of violence so shocking, but it has served to point up the fact that any party believing it can govern this bitterly divided island without the consent of the other is burying its head in the sand.

No retribution

The point does not appear lost on the Prime Minister. "There has been too much discrimination in the past. We don't want to be vindictive with the other party. I myself have given a lead by not seeking retribution. National unity remains an uppermost goal with us but this is psychological process that takes time," he told the Financial Times days before Friday's violent events.

The Labour Party, which has yet to find its feet in the opposition after having governed for an uninterrupted 16 years, perhaps read too deeply into Mr Fenech Adami's initiatives, particularly the speed at which he laid down his foreign and domestic policy markers.

This raised suspicions that the Government was flirting with the idea of making substantial shifts from the policies of neutrality and the day state created during Labour's years in power. Any moves which show the West to be gaining an upper hand or the island's powerful Roman Catholic Church to be regaining its dominant posture ring alarm bells with the Labour Party.

Since coming to power on May 12 Mr Fenech Adami has demonstrated his intent to forge closer links for Malta with the US and Western Europe. A quintessential European Christian Democrat, he denies that this in any way imperils Malta's neutrality.

"I'm not about so sign a defence agreement with the US. We're banned by the constitution from joining Nato and we're not prepared to grant berthing facilities to naval fleets. At the same time I don't think much of the treaty signed by the previous government with the Soviet Union in 1981 either. I don't think it amounts to much," he insists.

He asserts his pro American policies are directed at wooing an increased flow of US investments and ship repair work for the island's drydocks. This, he says, was impossible to achieve in the climate which prevailed in past years.

While Western Europe has been asked to guarantee Malta's safety, the church finds the moves from the government's direction highly encouraging.

Mr Fenech Adami: 'National unity the main goal'

Privileges rescinded in past years are being returned wholesale. State claims over seized church properties were abandoned by the prime minister, a lawyer by profession, in a blaze of media coverage. "I am not about to set up a confessional government if that it what you mean," answers Mr Fenech Adami when asked whether the church is influencing his decisions. The church will be allowed to fulfil its mission without state harassment, but it will also be expected to step up its social commitment and church schools will still be obliged to provide free education to some 18,000 students.

He also discredits suggestions his Government could find itself playing a subservient role to governments in Europe or the US. "Our independence is something which will be safeguarded by all our policies.

"The thrust of our foreign policy," asserts Mr Fenech Adami, "is credibility. I don't want Malta to gravitate in the orbit of one country or another. I don't want the island to play an international role disproportionate to its size. I don't want to lose friends, I want to make new ones."

Libyan delegation

This position was spelt out clearly, he says, to a visiting Libyan Government delegation recently. A more pressing issue for Mr Fenech Adami is the island's sluggish economy, for years dogged by stagnant export receipts and ballooning unemployment, reputed to have overshot 18 per cent mark.

He labours under no illusion that EEC entry will solve these problems. "Negotiating the right conditions is going to take time and as yet we don't have a schedule for filing an application."

Neither does the Prime Minister have much time for industrialists clamouring for a currency devaluation to spur the export of semi manufactured goods, currently standing at £M180m (£101m) a year. A devaluation of the Maltese pound would worsen Malta's imports bill, now standing at £M347m, and would induce trade unions to file hefty cost of living rise claims.

"Very probably we shall continue to subsidise the exchange rate for foreign tour operators and certain exporters where we have actually had a devaluation of 25 per cent." British tour operators have bolstered Malta's tourist receipts to a quarter of the island's total foreign exchange earnings and the universal hope is that no fresh outbursts of violence will dash Malta's hope of attracting 1m holidaymakers a year by 1989.

Before too long the new government must come up with its own economic policies on how to drive the economy forward.

It is a sign of the times that, inside the ornate sixteenth century Auberge de Castille which is the Government's headquarters, Mr Fenech Adami has given up his sumptuous office for a small nearby room which satisfies better his need for privacy. It is here that the strategy for putting Malta's political, economic and social house in order will be planned.

OVERSEAS NEWS

Private funding for Africa under way

By Andrew Buckoke in Nairobi

AN INTERNATIONAL initiative to promote the private sector's role as an engine for development in sub-Saharan Africa appears to be bearing fruit. Seven Kenyan projects worth KSh 290m (£11m) will be among the first to receive funding as a result of assistance from the Africa Project Development Facility.

The advisory body was set up last year by the International Finance Corporation, African Development Bank and United Nations Development Programme to help African entrepreneurs develop private investment proposals acceptable to internal or external financiers. Formal agreement on funding for the first project is expected within a month.

Sir William Ryrie, chief executive officer of the International Finance Corporation, the private sector lending affiliate of the World Bank, told a press conference in Nairobi yesterday that he hoped the facilities would be of real value to the private sector in Africa."

The new facility for sub-Saharan Africa, whose offices in Nairobi and Abidjan have only just been fully staffed, has already received 411 applications for assistance. Although it does not fund schemes itself, a range of project cost from $500,000 to $5m has been set. Many African businessmen might not consider this small, but IFC lending is limited to projects of around $25m and over.

Mr Makarand Dehejia, an IFC vice-president, says: "We cannot reach the private sector in Africa." He added that lending to local development banks had proved ineffective as a way to help smaller businesses as the development banks were often "too bureaucratic" and the entrepreneurs themselves did not know what to ask for.

It is hoped the facility can remedy this. It has so far received commitments of $16.7m from the three founding agencies and 13 western countries including the US, Canada, Britain, France, West Germany and Japan. Its initial term is for four years from July 1986, but it expects to be able to start charging fees for its services by the third year.

A LONG WAR AND FALLING OIL PRICES PROMPT REFORMS TO RAISE THE STANDARD OF LIVING

Iraq moves to expand role of private sector

Philip Shehadi of Reuter reports from Baghdad on President Saddam Hussein's economic shake-up. By raising productivity and liberalising investment, he aims to ease the country's crippling debt problem.

SOCIALIST Iraq is moving to expand the role of its private sector in an effort to stimulate productivity in its war-battered and heavily-indebted economy.

In a series of reforms which President Saddam Hussein has likened to those in some Communist states, Iraq plans to liberalise private investment and import regulations.

It is also considering the sale of some state assets to the public, officials and diplomats in Baghdad said.

The moves coincide with a major shake-up in the public sector aimed at raising productivity which has been dampened by a bloated bureaucracy, labour shortages, hard-currency shortages and stifling investment regulations.

Socialism has been a credo of the ruling Baath Party since it seized power in 1968 and state enterprises now account for at least 60 per cent of economic activity.

But state resources have been drained in recent years by falling world oil prices; the declining value of the dollar; and the almost seven-year war with Iran, thus prompting a new look at the private sector's role.

"There must be a private sector within the socialist state and there must be what is called the mixed sector, both of which are important for the state and the people," Mr Hussein told industrialists earlier this month.

"The private sector should be boosted not only because it is needed in wartime, but also because of the long-term objectives gained by the society," he said.

Diplomats said the first move was to abolish a tax on private sector imports of raw materials, spare parts and other industrial inputs and to allocate more of the country's scarce hard-currency reserves to fund them.

Steps under consideration include the sale of some state factories and agricultural co-operatives to the public and the abolition of a ceiling on private sector investment, diplomats said.

"The goals are twofold – to increase productivity and the standard of living and to produce for import substitution to save hard currency," one diplomat said.

Iraq, whose hard-currency needs are met almost entirely through oil exports, has suffered from the fall in world oil prices from almost $28 a barrel at the beginning of 1986 to about $8 last August and almost $18 now.

Oil revenues fell to $7.5bn last year from $11.5bn in 1985.

This year they should again exceed $11bn assuming constant oil prices of around $18 a barrel because of higher production levels, diplomats said.

The oil-revenue fall, exacerbated by the dollar's falling value against other major currencies, has forced Iraq to slash imports and reschedule its $55bn foreign debt.

Civilian imports may fall to $7bn this year from more than $10bn in 1985 and $8.7bn last year, diplomats estimated.

Shortages of imported dairy products, meat, electronic goods and coffee are common, Baghdad residents said.

Many civilian development projects have been frozen.

Those still going ahead include a $1.5bn dam on the Zab River at Bekhme in north-eastern Iraq designed to control its flow into the Tigris and a $1bn oil pipeline from the Kirkuk fields to the Saudi Arabian Red Sea port of Yanbu – both deemed essential to increase productivity and revenue.

Mr Hussein has said measures taken earlier this year to cut thousands of civil servants from government payrolls have already saved the state millions of dinars.

Mr Hussein has abolished supervisory bodies to give state enterprises more autonomy and reshuffled ministries to shed hundreds of workers.

He has disbanded the General Federation of Trade Unions saying state workers no longer needed unions, a move diplomats said would remove legal obstacles to further staff cuts throughout the state.

Mr Hussein has also decreed the promotion of blue-collar state workers to white-collar status to give them moral and material incentives to produce more.

Officials hope higher oil revenues will allow them to begin chipping away at foreign debt, which diplomats estimate includes $30bn to Arab allies for no-interest loans and $25bn in interest-bearing credits from foreign banks, governments and companies.

Rescheduling agreements were reached earlier this year with French, Japanese, Italian and Austrian banks for outstanding letters of credit, diplomats said.

A 1983 loan of $500m from 37 Western banks has also been rescheduled and talks are underway on debt to state export insurance corporations.

But Iraq is still importing on credit and as one diplomat put it: "Debts to Western countries have been increasing at a rate of $2bn to $3bn a year since 1984-85."

Sinhalese, Tamil groups oppose call for elections

BY MERVYN DE SILVA IN COLOMBO

GOVERNMENT'S announcement of parliamentary elections in the strife-torn north and east of Sri Lanka, and local polls in the south has been promptly rebuffed by both Tamil and Sinhalese opposition parties.

The elections commissioner has fixed July 15 for nominations to 16 vacant seats in the Tamil north and the ethnically mixed Eastern province, including Trincomalee. The seats fell vacant in late 1983 after the Government rushed a constitutional amendment following the anti-Tamil riots. The amendment required all MPs to take an oath renouncing separatism. The Tamil United Liberation Front which had won all these seats in 1977 withdrew from parliament.

Mr Appapillai Amirthalingam, the Tulf secretary-general, was the first to denounce the announcement as a "political ploy" intended to "deceive the world" that normalcy had returned to these areas. The announcement appeared to be timed to coincide with a Sri Lanka aid donors meeting in Paris yesterday.

In a statement made in Madras, the Tamil Nadu capital where most Tulf MPs now live as political exiles, he said it was more important that the Government did not deceive itself. If it were serious, it should address itself to "the grievances of the Tamil people and resume talks, with Indian mediation, to reach an acceptable political settlement."

● Indian merchant ships carrying food and medicines arrived yesterday in northern Sri Lanka where India said Tamil civilians were near starvation after an anti-guerrilla offensive by the army, Reuters writes from Colombo. Sri Lanka, which denies the starvation charge, agreed to the shipment last week.

Labour takes a strong lead in New Zealand

By Dai Hayward in Wellington

THE New Zealand Labour Government has taken an unprecedented 26-point lead over the National Party in the latest Heylen public opinion poll.

Labour scored 61 per cent, National 35 and the Democratic Party—formerly Social Credit —4 per cent.

The don't know figure which had been maintaining a 22 per cent level for many weeks, is down to 15 per cent.

Labour's economic policies are now winning more widespread support getting a 57 per cent approval rating and the government's overall performance 56 per cent. The poll was taken immediately after Mr Roger Douglas, the Finance Minister, announced his budget last week.

In the poll for the preferred prime minister, Labour's Mr David Lange scored 37 per cent, Sir Robert Muldoon, former National Party leader, 17 per cent and its present leader, Mr Jim Bolger, 8 per cent.

Shamir emphasises Israel's claim to Gaza Strip

BY ANDREW WHITLEY IN THE GAZA STRIP

MR YITZHAK SHAMIR yesterday became the first Israeli Prime Minister in over a decade to visit the Gaza Strip, the crowded, impoverished enclave Israel captured in 1967. But his few hours in the occupied territory were spent largely in the company of the army and Jewish settlers.

"Gaza is part of the Land of Israel, and is not negotiable," the right-wing Likud leader declared at Neve Dekalim, a small Jewish settlement of prefabricated huts

All told, about 2,000 settlers live among Gaza's 600,000 Palestinians, two thirds of whom are refugees; and Mr Shamir said that only financial constraints prevented a further expansion of the implanted Jewish communities. The persistence of the refugee problem he blamed o nthe lack of interest he said Arab countries had shown in the question.

The Prime Minister's assertion notwithstanding, few would agree with Mr Shamir that the Gaza Strip—formally the last vestige of pre-1948 Palestine not incorporated into another state—has any legitimate historical or Biblical ties to the Jewish people.

Yesterday's rapid tour of the territory, long a painful thorn in the side of the Israeli authorities, more closely resembled that of a conquering military hero inspecting his subject people than a long overdue visit to a much neglected region.

Stopping briefly to talk to vegetable sellers in Gaza City's central market, Mr Shamir pointedly snubbed Mr Rashad as-Shawwa, the Strip's 78-year-old patriarch and nationalist leader.

Deposed as Mayor of Gaza by the Israelis in 1982, Mr Shawwa said yesterday that far from coming to terms with the 20-year-long occupation young people in Gaza were becoming more extreme in their attitudes.

Opposition MPs assail Thai army spending

THE THAI parliament passed the first reading of a Baht 243.5bn (£5.9bn) budget for the year to September 1988 presented by Gen Prem Tinsulanonda, the Prime Minister, Reuter reports

The budget bill was passed shortly after midnight following a day-long debate during which opposition members of parliament accused the Government of trying to appease the Thai military with a big allocation at the expense of other economic sectors.

Parliament, in which Gen Prem's four-party coalition holds a majority, approved by a 206-89 vote a bill proposing a 7 per cent increase in national expenditure.

Mr Uthai Pimchaichon, the opposition leader, said the higher military allocation was made despite claims by the Government this year that it had eliminated previous internal security threats

Police raid Sikhs' Golden Temple

By K. K. Sharma in New Delhi

POLICE SWOOPED on the Golden Temple complex in the holy city of Amritsar early yesterday, entering the holiest of the Sikh shrines for the first time since Punjab was brought under the direct administration of the central government last month. About 100 people were held by police.

The move was aimed at preventing militant Sikhs from declaring a separate state from within Sikhdom's holiest shrine today.

The action comes in the wake of a crackdown on Sikh terrorists in Punjab after the dismissal of the moderate government led by Surjit Singh Barnala on the grounds that he failed to check extremist violence. Scores of terrorists have been killed in the crackdown.

Entry by the police into the Gold Temple complex (but not the main shrine itself) means that notice has been given by the central government that it will not allow Sikh temples to be used for terrorist activity. Since the temple complex was being used as a haven, it is possible that the main shrine will also be raided if the police consider this essential. In that event, there is likely to be trouble.

Meanwhile, violence continued for the sixth successive day in Darjeeling district of West Bengal, the Marxist-run state in eastern India. Widespread violence has taken place after the Gurkha National Liberation Front called a 10-day general strike in the district protesting against "repression" by the state government which has invoked anti-terrorist laws to deal with the situation.

There have been intensive raids on Gurkha rebel hideouts after acts of arson and sabotage of government establishments costing several million pounds in the past few days. The manner of the violence has led the authorities to believe that ex-servicemen are involved (thousands of Gurkhas trained in British and Indian army units have settled in Darjeeling).

Mr Subhas Ghising, the Front's leader, is demanding a separate state within the Indian constitution for Darjeeling where most people are Gurkha settlers with Indian citizenship.

AMERICAN NEWS

Brazil's car dealers stay out over taxes

BY ANN CHARTERS IN SAO PAULO

IN THE first political challenge under Brazilian Minister of Finance Luis Bresser Pereira's two-week-old effort to stabilise the economy, car dealers are continuing their nine-day lockout in an attempt to force the Government to further reduce taxes on the retail price of cars.

In five months, domestic vehicle sales have declined 36.8 per cent compared to the same period in 1986.

The suspension of car sales has backed up stocks at the factory level with manufacturers reporting nearly 25,000 vehicles, equal to two weeks' production, parked on lots. Ford, Fiat and Volkswagen declared mandatory vacation for a total of nearly 11,000 employees beginning next week.

Separate meetings this week in Brasilia between Mr Pereira and the National Auto Dealers Association and the National Auto Manufacturers Association have failed to resolve the impasse. The finance minister reportedly told the dealers that they should try harder to sell cars because with the price freeze in effect, sales should improve without cutting taxes further.

A month ago, the Government halved the compulsory tax surcharge on new cars from 30 to 15 per cent and eliminated this tax on used cars in the wake of authorised price increases on vehicles.

Fiat has also been affected by an eight day long ports strike affecting its exports through Rio de Janeiro. The port of Santos which handles exports for other auto manufacturers continues to function normally. Exports in May for the industry were running 59 per cent ahead of last year at the same time with 120,000 vehicles.

The Ministry of Finance's reluctance to make further cuts in taxes appears to stem from the Government's necessity to keep revenues high while studies continue as to where spending cuts are to occur. The Government is still looking for more expenses to cut to bring this year's projected public sector deficit down from 6.7 per cent of the gross domestic product to 3.5 per cent.

A Cru 82bn ($1.9bn) rescue package for insolvent states and municipalities has been sent to Congress for emergency approval. It includes a 100 per cent roll-over of domestic and foreign debt service as well as a maximum Cru 10bn credit line for current expenses in the poorest states.

The formalised bail out is designed to help the government continue public services and meet payroll expenses, exacerbated by swollen numbers of employees and automatic salary increases triggered by inflation prior to the recent price freeze.

White House outlines opposition to trade bill

BY STEWART FLEMING

DEBATE ON the US Senate's 1,000 page version of the trade bill opened yesterday as the White House signalled its opposition to several provisions which it warned could trigger a presidential veto if they are not dropped. Many on Capitol Hill believe that most of the bill will become law later this year.

Earlier this week the office of the US Trade Representative sent a 32 page letter signed by 14 top administration officials Sen Robert, Senate majority leader, saying that unless "extensive improvements" are made to the bill they will not be able to recommend the President to sign it.

On Capitol Hill backers of the Administration say that at this stage they sense that the White House is holding back from getting deeply involved in the legislative process. It is argued that it will not be until members of a conference committee representing the House and the Stnate sit down together that the final shape of the legislation will be determined. The House has already approved a trade bill.

Washington reinforces Gulf escort fleet

By Stewart Fleming, US Editor, in Washington

THREE US warships were yesterday moving through the Suez Canal towards the Gulf to reinforce the American naval presence there in connection with the Reagan Administration's decision to put American flags on Kuwaiti ships and provide escorts to protect them from attack.

According to Pentagon officials the ships will replace two or three vessels which are being withdrawn. But when the various moves are complete the aim is to increase the US naval force in the Gulf from five to nine ships, a command flagship and eight combattants.

As the Pentagon confirmed the movements, Democrats on Capitol Hill were wrestling with the problem of trying to establish a unified position on US policy in the Gulf. Democratic congressional leaders met to discuss the specific language of a resolution on Gulf policy.

It is understood to contain language critical of the Administration but to be noncommital on the key issue of whether or not to proceed with the controversial reflagging of the Kuwaiti ships, which some in Congress fear could lead to US involvement in the Gulf war between Iran and Iraq.

Separately the Senate Foreign Relations Committee was considering a bill backed by Sen Claiborne Pell, the committee chairman, aimed at blocking the reflagging plan and urging the establishment by the United Nations Secuprity Council of a peace-keeping force to protect non-belligerent shipping in the Gulf.

Divisions on Capitol Hill mean that Congress, although deeply concerned about the implications of the policy, is not proving to be a serious obstacle to the Administration's reflagging operation as some feared. Congressional officials are saying that the criticism from Capitol Hill which erupted in the wake of the Iraqi attack on the US frigate Stark has forced the Reagan Administration to explain its policies more fully, however.

North 'prepared cover-up' testimony

BY LIONEL BARBER IN WASHINGTON

LT COL Oliver North led an attempted cover up of secret US arms sales to Iran by preparing misleading testimony to Congress, the Iran Contra hearings were told yesterday.

Mr Charles Cooper, Assistant US Attorney General at the US Justice Department, said Col North prepared the testimony on behalf of Mr William Casey, the now deceased CIA Director.

Mr Cooper described a White House meeting attended by senior inter-agency lawyers, Mr Casey, Rear Admiral John Poindexter, President Reagan's then National Security Adviser, in which a chronology of US arms sales to Iran was prepared. The meeting took place in late November 1986 amid Congressional uproar over the covert shipment of arms to Iran.

Mr Cooper said Col North dominated the meeting and suggested that Mr Casey testify to Congress that "no US Government official" was aware or involved in the secret arms sales to Iran. The 1985 sales included TOW anti tank missiles and Hawk anti aircraft missiles. Under questioning Mr Cooper agreed this simply was not true.

The joint House Senate committee investigating the scandal heard that the State Department's top lawyer Mr Abraham Sofaer threatened to resign when he heard Mr Casey's proposed testimony which was subsequently toned down. However Mr Casey deliberately withheld key facts to Congress when he appeared later.

Mr Cooper later took part in a Justice Department enquiry into the arms sale and he described the dramatic events of the weekend before Mr Edwin Meese US attorney General disclosed that between $10m and $30m had been diverted from the arms sales to Iran to the Nicaraguan Contra rebels.

Over lunch a senior Justice Department lawyer said he had found a memo by Col North suggesting the diversion scheme. Mr Cooper said there was no discussion of calling in the FBI or securing Col North's document despite what he admitted was a disclosure of tremendous political significance. The diversion of funds to the Contras took place during a Congressional ban on US aid to the Contras.

The significance of the cover memorandum—which has yet to be found—is very significant since it may have been sent to a variety of senior US officials including the President.

Bahamas opposition elects new leader

By Athena Damianos in Nassau

MR KENDAL ISAACS, QC, the Bahamian opposition party leader, stepped down last night to make way for Mr Cecil Wallace Whitfield, a lawyer and founder of the Free National Movement. He was unanimously elected, stepping up from the deputy leadership.

The opposition has refused to accept last Friday's general election result in which the Progressive Liberal Party of Prime Minister Mr Lynden Pindling won 34 of 49 seats. They have called the election "one massive fraud" singling out multiple voting, chain balloting and a conflicting voters' register.

Mr Whitfield has gone as far as saying that he would be the first to call for an armed revolution if the courts proved hopeless when the FNM challenged the election results.

Addressing an angry crowd of about 15,000 on Tuesday night, Mr Whitfield said that he was not ready to take the government by force and that the FNM was obliged to honour the country's constitution by going to the election court first.

And he warned that if Mr Pindling uttered one more threat against the FNM, the party would call on all its supporters to stop paying taxes.

There were continual shouts for war and marches during the public meeting.

Yesterday, Governor General Sir Gerald Cash, invited Mr Pindling to form a new government.

US 'annoyed' over Argentine comments on Falkland Islands

US STATE Department officials are mystified and annoyed at what they say are efforts by some Argentine officials to involve the US in the Falkland Islands dispute, Reuter reports from Washington.

"We don't know why they are doing it, but we are greatly annoyed," a senior State Department official said.

Argentina lost a 74-day war in 1982 with Britain over sovereignty of the South Atlantic archipelago, which it calls the Malvinas.

The officials said public statements attempting to involve the US in mediation efforts resurfaced earlier this month when Argentina's President Raul Alfonsin, returning from a visit to Switzerland, stated Washington was "working very strongly" to establish negotiations between Buenos Aires and London.

Then last week, officials accompanying Alfonsin on a private visit to the US states, said Argentina's Foreign Minister Dante Caputo would be meeting State Department officials on the Falklands issue.

The Argentine officials said Caputo's talks would be "closely linked to the Argentine interest in establishing an open dialogue with Great Britain on the Malvinas Islands."

Raul Alfonsin

But State Department officials said they could not understand why some sectors of the Argentine foreign ministry were putting out the word that Washington was involved in attempts to further negotiations, adding: "It's not true, we are not mediating."

US officials conceded that Deputy Assistant Secretary of State for Inter-American Affairs Mr Robert Gelbard was meeting Mr Caputo today in New York, at Mr Caputo's request, but said discussions would be limited to bilateral and regional issues.

Mr Gelbard was expected to tell Mr Caputo of the State Department's displeasure at the public statements linking the Reagan Administration to the Falklands issue.

According to the officials, patience with Argentina's foreign policy has been wearing thin for some time, after it took a nose-dive last March when Argentina, with other Latin countries, voted against a US-sponsored resolution against Cuba at a United Nations human rights meeting in Geneva.

The officials said they were very surprised and disappointed at the vote because they had provided Argentina with a copy of the resolution in advance and had discussed it with Argentine officials long before the UN meeting.

"They (the Argentines) want us to be peers, but that entails give and take. They think they can take and not give anything back," a senior State Department official said recently.

The officials said the UN incident had put relations between the US and Argentina at the lowest point since the 1982 war, when Washington attempted to appear impartial but provided London with satellite-gathered intelligence and other help.

Argentina to ask IMF for target waiver

By Tim Coone in Buenos Aires

ARGENTINA is shortly expected to request a renegotiation of the conditions signed in a letter of intent to the International Monetary Fund in January this year for a standby loan of $1.35bn and $480m in compensatory finance for falls in export earnings.

Disbursement of the loans is conditional on the government meeting agreed quarterly monetary and fiscal targets and failure to do so requires a request for a waiver from the IMF, and new targets to be set for subsequent quarters.

According to treasury figures, the fiscal deficit for the first quarter of 1987 was australs 819m (£285m), 60 per cent above the austral 500m target agreed in the letter of intent. The second quarter deficit is also expected to be substantially higher than the agreed figure of australs 650m due to unexpected falls in tax income and delays in implementing a tax amnesty to repatriate assets deposited overseas.

The IMF has still to disburse any of the loans because they are conditioned on a "critical mass" of the $1.9bn being committed in fresh money by Argentina's commercial creditors. Up to last night 92.5 per cent of the funds had been promised by the banks. A bridging loan for $500m from the US and various European countries was made available last March until the IMF and commercial bank funds are released.

Toshiba to ask US auditors to clear its name

BY PETER BRUCE IN TOKYO

TOSHIBA, the big Japanese electronics group criticised in the US because a subsidiary sold sophisticated machine tools to Soviet naval dockyards, is considering hiring US auditors to examine its affairs to clear its name.

There is growing pressure in the US Congress to ban Toshiba products from the country following revelations that Toshiba Machine, 50.8 per cent owned by Toshiba, sold eight machine tools and related computer software to the Soviets between 1981 and 1984.

The machine tools enable the Soviets to machine quieter submarine propellers.

Although Toshiba Machine has been fined by Tokyo, US anger has focused on the parent, Toshiba Corporation. Toshiba officials regard this as unfair because Toshiba Machine is an independent subsidiary, and not a division of Toshiba Corp.

Relationships like this are not uncommon in Japan.

One Toshiba official said yesterday that the parent company knew nothing of the sales to the Soviet Union and that when it asked about them earlier this year, after being alerted by Press reports, it was told by Toshiba Machine that nothing untoward had happened.

In fact, the sales broke rules of the Co-ordinating Committee (Cocom), which regulates the transfer of western technology to communist countries.

The official said Toshiba would appoint a prestigious firm of US accountants next month to establish the exact form of the relationship between Toshiba and Toshiba Machine, and to conduct an independent investigation into how the machine tool sales were made.

By appointing American auditors, Toshiba hopes to prove to angry members of the US Congress that it cannot be held responsible for the machine tool deals

Talks with a number of US auditors represented in Japan are being held, but the company may also have to dispatch senior Japanese executives to Washington to try to cool congressional passions.

Toshiba sells around Y400bn (£1.72bn) of its products in the US each year

Portugal's deficit with EC partners slows

By Diana Smith in Lisbon

PORTUGUESE manufacturers have begun to rally energetically against EC imports and the growth of the trade deficit has slowed after a difficult start in January and February when the trade gap widened by 61 per cent.

For the first four months of the year the trade deficit of Es145bn ($635m) was 34.4 per cent larger than the deficit for the first four months of 1986.

Exports totalled Es400bn while imports totalled Es545bn.

Export growth picked up to 18.8 per cent while import growth cooled slightly compared with the first two months of the year to 22.6 per cent.

Coverage of imports by exports was 73 per cent while coverage of EC imports by exports to the EC improved marginally to 81.2 per cent

● India's Shipping Corporation has decided to use the port of Lisbon to trans-ship merchandise to North and South America, and Europe. Portuguese ports have been made almost prohibitively expensive by bureaucratic problems and the stevedore unions

Peter Montagnon reports on the problems faced by consumer lobby groups

Tackling the politics of protectionism

The argument that consumers pay a price for trade protection both in terms of higher prices and narrower choice is nowadays well accepted. But it seems to carry little weight with policy makers in practice.

The costs of protection are widely spread, hard to quantify and often little understood even by consumers themselves; its purported benefits accrue to vocal, special interest groups who can argue their case with force. As a result public debate on trade is often lop-sided, with most attention paid to short term threats to employment and scant regard to the costs of protection to the economy as a whole, which free-traders argue jeopardises employment in the more distant future.

An attempt to redress the balance was made this week by the UK Consumers' Association which, together with the Trade Policy Research Centre, organised a seminar on the impact of protectionism on the consumer.

According to Mr Peter Goldman, director of the association and director general of the International Organisation of Consumer Unions, the case for consumers having a greater say is clear. Management and unions alike can easily pinpoint a threat to jobs and point to traumatic consequences such as the closure of a factory, he says.

In those circumstances it is easy to enlist the help of a local MP, especially if the industry concerned is concentrated in small geographic area.

"Consumers' Association experience with the Multi-Fibre Arrangement has shown it makes little difference which party an MP belongs to, or what policies his party espouses nationally."

It is hard for consumers to counter the weight of such well-organised lobby groups. Not only is it difficult to quantify the cost to consumers of protection. Trade policy decisions are frequently taken in conditions of relative secrecy and are not subject to the same public scrutiny as, for example, would be adjustments to the tax regime.

Yet there is some evidence that opening trade policy to greater public enquiry can have some effect on reducing the level of protection in an economy. Australia has had an Industries' Assistance Commission since 1974, an independent body whose purpose is to advise the Government on trade policy matters from the perspective of their impact on the economy as a whole.

Australia is not renowned as a free-trading nation and, according to Dr Gary Sampson, an Australian economist who is senior counsellor to the

Alan Clark

General Agreement on Tariffs and Trade in Geneva, levels of protection in Australia's manufacturing sector have declined only slightly since the IAC was formed.

Underlying this, however, is a different picture. Reports by the IAC on the most sensitive sectors such as motor vehicles, steel, textiles, clothing and footwear were rejected by the Australian Government. In these sectors the effective level of protection has increased dramatically from around 45 per cent in 1974 to 122 per cent today. According to Dr Sampson, the average effective rate of assistance to sectors that remained within the purview of the IAC has fallen to around 15 per cent from 25 per cent in 1974.

This suggests that broad public enquiry which takes account of the views of all interested parties can actually succeed in reducing protectionist drift. Yet the IAC is the only organisation of its type and Australian practice is far removed from what goes on in Europe.

Mr Tony Venables, director of the Bureau of European Consumer Unions, says that the European Commission's record of consultation with consumer groups is haphazard. They have so far been unsuccessful in attempts to get their views across on the Uruguay round of multilateral trade liberalisation talks and have had no opportunity to record their opposition to the proposed levy on oils and fats.

This is all the more remarkable, he says, because the Commission has underestimated the price effects of its tax. For cheaper brands of margarine and oil it could be as much as 50 per cent. Had the Commission known that it might not have produced the tax, he says.

Consumer organisations, says Mr Goldman, have developed a powerful weapon against protectionism through their increasingly sophisticated methods for comparative testing of products and services. The problem remains how to get the results across to policy-makers as well as the general public.

For Mrs Rachel Waterhouse, chair of the Consumers' Association, the most important question remains that of the transparency with which trade policy is conducted. Until that changes governments will continue to use a peculiar form of double-speak.

Recorded statements by Mr Alan Clark, UK Trade Minister, illustrates what she means. Answering a general question on protectionism, Mr Clark has said: "Protectionism raise prices, reduces choice and encourages an inefficient allocation of resources. Were it to proliferate, it could weaken world trade and damage progress for world economic growth, including the growth of the UK economy."

But in another context (the Multi-Fibre Arrangement) he took a different line: "We have kept tight controls where they are most needed by our industry. . . . We have, of course, kept in close and detailed touch with the industry througholt. I have had a number of meetings with the unions and I hope to recognise that we have negotiated effective protection of the most sensitive sectors."

De Clercq warns of Trade Bill reaction

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE EUROPEAN Community "would be forced to react firmly to safeguard its interests" if protectionist trade legislation being debated in the US Congress reaches the statute book, Mr Willy de Clercq, EC External Relations Commissioner, said in London yesterday.

The proposed legislation constituted a unilateral and unacceptable attempt by the US to rewrite the rules of international trade, he told the European Business Institute.

"If Congress legislates in a way that is harmful to our interests, then we shall be obliged to respond in kind," he said.

Mr de Clercq avoided mention of the EC's proposed tax on oils and fats against which the US has said it would retaliate, but his speech offered a gloomy assessment of the current state of EC trade relations with both the US and Japan. The latter had become "explosive."

Mr de Clercq, who is to visit the US early next month to lobby against the Trade Bill, said the paramount concern of the EC was the provisions it contained to limit, if not eliminate, the descretion of the President in addressing trade problems.

Warning of the risk to the Uruguay round of trade liberalisation talks if the bill were passed, Mr de Clercq singled out four specific areas of anxiety:

● The Gephardt amendment which would penalise countries with an excessive and unwarranted trade surplus with the US. This contravened both the spirit and the letter of the letter of the General Agreement on Tariffs and Trade.

● Telecommunications provisions which impose mandatory deadlines and the notion of strict reciprocity.

● Language on the registration of foreign investment in US real estate and businesses. This was discriminatory because it required adidtional discloseures by foreigners.

● Proposals on anti-dumping and countervailing duties, "which would take US legislation in this area beyond GATT rules, and which could have a serious and prejudicial impact on EC industries."

Despites these concerns, Mr de Clercq said the bulk of trade between the US and EC remained unaffected by trade disputes and he was "cautiously optimistic" about bilateral relations.

US lays ground for chip accord with EC

BY LOUISE KEHOE IN SAN FRANCISCO AND WILLIAM DAWKINS IN BRUSSELS

THE US is preparing the groundwork for a technical co-operation accord with the EC semi-conductor industry to smooth trade tensions created by the controversial US-Japanese semiconductor trade agreement.

Representatives of European semi-conductor manufacturers and EC officials met with their US counterparts in Washington earlier this month to open discussions on semi-conductor trade and industry trends.

This is the first time for more than a year that both sides have formally discussed semi-conductors. The issue has become one of the most politically sensitive areas of US-EC trade relations since the establishment last July of the US-Japanese trade agreement. The EC has filed a complaint at the General Agreement on Tariffs and Trade over the effects of the agreement.

The talks were held at the urging of the US as part of regular six-monthly meetings of the US-EC High-Tech Working Group. The discussions were "low key" and the divisive trade agreement was excluded from the agenda.

According to US officials, the meetings were held to create a base of understanding between both sides of industry and trade issues. "The talks solved the basic problem — which was that we were not talking," said Mr Michael Gadbaw, Washington counsel for the US Semiconductor Industry Association. Although no immediate tangible results are expected, both sides expect that the meetings will ease tensions.

Japan is considering proposals for a multiateral chip trade accord. US industry offi-ciasl said it was too soon to tell whether the US-EC talks might eventually lead to a chip trade accord with Europe. They noted, however, that the US-Japanese pact had stemmed from similar low-key industry discussions.

Jaruzelski to seek trade boost in visit to Japan

BY CHRIS BOBINSKI IN WARSAW

GENERAL WOJCIECH Jaruzelski, the Polish leader, will be stressing Poland's interest in boosting trade and co-operation with Japan during a five-day official visit there at the invitation of Premier Yasuhiro Nakasone starting on Sunday.

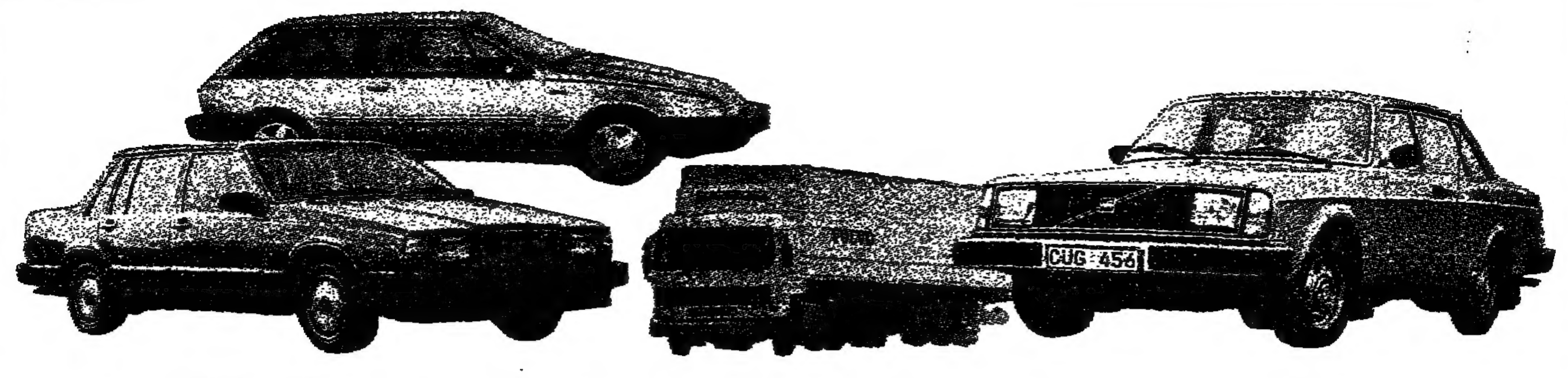
The Poles would like to rebuild trade to the level of the 1970s. Bilateral trade peaked at $373m in 1977. Last year Japanese exports to Poland were worth $146m while Polish sales lagged behind at $55m.

One obstacle to the extension of trading relations is Poland's debts. Fresh Japanese credits are being held up until Poland settles its arrears in line with policy agreed with the Paris Club of creditors. Poland's total external debt is $35bn, $1bn of which is owed to Japan.

The credit problem is complicating talks on an agreement to modernise the Warsaw FSO car factory by Daihatsu, the Japanese car manufacturer.

Daihatsu, supported by three Japanese trading houses including Mitsui, are bidding for the scheme, initially worth $200m, against Fiat of Italy. FSO are in favour of the Japanese bid which offers the more modern Charade car and better financial terms. According to Mitsui the overall Japanese credit offer would be worth $689m.

Fiat is able to offer assured access to the Western European market for FSO products, and is also involved in modernising Poland's other small car factory FSM. The Italians have offered credits worth $1.8bn if their offer is taken up.



Volvo's drive for shorter cycles

Christopher Lorenz reports on the hoped-for results of the Swedish auto group's newly streamlined structure

TO CAR owners around the world, Volvo has always epitomised conservatism and longevity. The Swedish company has made model changes only rarely, holding itself aloof from the Japanese strategy of quick-fire replacement, as well as from the Ford and General Motors policy of making cosmetic changes almost every year.

Instead, Volvo stresses the *extraordinary life expectancy* of its cars—and, by implication, the longevity of each design. In trucks, its model changes have always been more frequent, but the company points proudly to the growing tendency of its truck customers to trade in less frequently than they used to.

Volvo is not, in short, an obvious sufferer from the shortening of product life cycles which is driving many other companies, in all sorts of industries, to slash the time they take to develop new products.

Yet *over the past few months* Volvo has introduced radical changes in the way it develops both new cars and trucks, making clear that one of the main objectives is to cut development times.

When Volvo Car Corporation announced a reorganisation *which took effect in January*, its President, Roger Holtback, said the purpose was "to create a more efficient product process and significantly shorten the time required from idea to finished car." And when notice was given in April of an even broader *restructuring of the (separate)* truck company, the acceleration of product development was given equally heavy emphasis.

Volvo Truck has already made progress in shortening development times (see inset). But Ragnar Fast, the company's aptly named vice president of *product development, says that without the reorganisation* these gains could have been put at risk as a result of all the managerial complexities introduced by Volvo Truck's recent rapid expansion of its North American operations, via the takeover of White Motor and a *joint* venture with *General* Motors.

The key organisation change in both Volvo Car and Volvo Truck is the introduction of precisely the sort of collaborative "rugby team" structure which has stood all sorts of Japanese companies—and a few *American electronics manufacturers*—in such good stead over the past decade: a system in which product planners, marketing experts, designers, product engineers, manufacturing engineers and key suppliers work together on project teams from start to finish of the *development process.*

The fact that even an up-market manufacturer such as Volvo should join the rush to *streamline development provides* graphic evidence of the way that the "product race" is not just affecting companies which have been assaulted by head-on Japanese competition.

One of Volvo's prime reasons for joining the race is that a shorter and more effective development process, with less re-design needed as the project passes from one phase to another, can cut dramatically *the fast-escalating human* and capital cost of development.

Volvo's continued survival as a relatively small player in the automobile industry depends not only on its participation in the growing network of alliances and joint ventures which now criss-crosses the *world automotive* industry, but also on its ability to get better value out of its own development efforts.

In the late 1970s the cost of developing its new range of luxury cars, the 700 Series, nearly crippled the company. Even now both Volvo Car and Volvo Truck are spending between eight and 10 per cent of their revenues on development, a high rate by auto*motive industry standards.* So cost-saving is one of the main priorities of both companies' new development structures.

But market pressures are also a key factor—though not everyone at Volvo will admit it, particularly in the car company.

In trucks, a combination of regulatory changes and competitive action is forcing Volvo to accelerate its speed of response, especially with new variations of existing products.

In cars, shorter product life cycles and more rapid product introductions are starting to affect several of Volvo's market segments—both new and old.

With the recent introduction of its 480 sports coupe—which outsiders expect to be the start of an eventual replacement range for the staid 300 medium-sized series—Volvo has started to take itself into a *market segment which is* more unstable than its traditional ones, since consumer preferences are more fickle, and competitive action more rapid and unpredictable.

In its established car businesses, Volvo's shift up-market with the 700 Series has given it some protection against Japanese double-quick tactics. But its long-running 200 Series—for years the company's vital cash cow—is starting to look vulnerable in certain markets, both to the Japanese in their own move up-market, and to the similar drive which western competitors such as Ford have adopted in response to the Japanese.

Dan Werbin, executive vice-*president of Volvo Car, who also* heads its product development organisation, resists such talk. "We will continue to have fairly long product life-cycles, because of our type of customer and the longevity that we build into our cars," he says. But he concedes that the 480 "will be more *susceptible to change*" than the 200 or the 700 Series, even though Volvo hopes to build considerable customer loyalty even in this fashion-conscious segment.

To Werbin, the most immediate reasons for changing Volvo Car's traditional development structure are not external, but internal: the growing size and complexity of the organisation, the greater technological complexity of its products, and the need to improve the quality and flexibility of the development process, as well as its cost-effectiveness.

In contrast with the truck company's experience the actual shortening of Volvo Car's standard five-to-six-year development cycle is some way off, he says: the changes directly associated with the introduction of computer-aided design engineering and manufacture will eventually cut that cycle by 20 per cent, he predicts, but not for another five years or so. Volvo Car is already using CAD *extensively—over half its* engineering drawings are computerised, for example—but so far thos has been directed mainly at quality improvement, rather than at timesaving.

One measure of the complexity of product development in Volvo Car these days is that its product planning, design and engineering staff now totals over 2,000, almost three times as many as a decade ago. It now has twice as many product lines and the number of variants has increased sharply. So more development projects are under way than ever before.

All this "became too burdensome for our traditional functional structure," says Werbin. "We needed to cut down on bureaucracy and make project *responsibility very clear, so* that specialists could concentrate on the development of the total product, rather than on *bits and pieces, as in the past.*"

Volvo Car calls its new matrix structure a "project organisation," but it would be more precise to describe it as a cross between a functional organisation *and an all-out project team* approach, with its balance weighted in favour of the project side of the matrix.

The traditional "vertical" functional departments have been retained, but their work is now co-ordinated "horizontally" at all levels by three heavyweight *"programme managers"* — one each for the 200 Series, the 700 Series, and "new cars." The programme managers are responsible for leading development projects right through from early concept to product launch and beyond: the three share equal status with the *functional directors* of marketing, product engineering and so on.

Within each functional unit, a corresponding project (or "programme") structure has been established, with overall responsibility for each project concentrated in the hands of just one person (top management lays great emphasis on this as being vital for clear decision-making).

The *official objective* of the new structure is to establish "harmony" between the project and functional organisations. In practice Rene Gustafsson, director of vehicle engineering, is nearer the mark with the comment that the new structure "doesn't mean removing the influence *of the line* functions, but putting them under pressure to meet requirements better," especially on *cost and* quality.

As well as creating greater discipline, Dan Werbin hopes the matrix will "release energy throughout the organisation." As he says, matrices both breed, and need, a much greater sharing of information, especially across functions.

For *any matrix* to *operate* effectively, task and role must be seen as more important than rank and title — not just in theory, but in practice. "Many western companies have failed to make their matrix work because they've imposed an hierarchical structure on it," says Dr Gordon Edge, a management consultant who advised Volvo on the reorganisation.

In a relatively democratic company such as Volvo, where many managers' job titles (though not the top rank) are often omitted from organisation charts, a product development matrix stands a better chance of success. Which is just as well, since there seems—outside Japan—to be no other way to manage complex, interdisciplinary projects when time and money are at stake—not to speak of survival against the *Japanese.*

The first two articles in this series appeared on June 17 and 19. The next will be published on July 3.

THE PRODUCT RACE

DEVELOPMENT of Volvo's *latest truck range, the* FL 7/10 (launched in 1985) took about five and a half years, almost 18 months less than its simpler predecessor. The main acceleration *factor* was the introduction of a much more systematic decision-making process, especially over the design and *ordering* of press tools for cab production. Cab development costs were cut by about 10 per cent, to around £25m.

But development and unit costs were still higher than they might have been because of the company's sequential system of development, admits Per Lindquist, a senior Volvo product planner.

Over the last 18 months Volvo Truck has shifted rapidly towards a lighter-*weight version of* the multi-disciplinary project management system just adopted by its sister car company; in trucks project co-ordination is carried out by product planners like Lindquist.

The pay-off has already been dramatic. "Functional *specialists* are *no longer* working with closed doors between them," says Lindquist. "And now that a single person is responsible, it's easier and quicker to take decisions. Previously you could *blame anybody for problems.*" Special emphasis is now being put on more rational design for production and assembly, with planners, cab designers, suppliers, production experts and so on all working together from a very early stage of the project.

"Production people used to get involved late in the process, when there was very little scope for influencing the product's design. This led to late design changes, cost increases and imperfect solutions," says Lindquist.

A formal decision to scrap the old sequential pattern, and move to a more project-based approach where different functions work in parallel, was taken a year ago.

In April this new pattern of working at Volvo's Gothenburg headquarters was reinforced by a decision to *extend it to* all new truck development in the group, including White and Volvo-GM in the US.

The organisation changes which accelerated the FL 7/10 project in the early 1980s were sparked off by the planned introduction of computer-aided design in 1979, even though its actual use was limited. When its potential is fully realised, and the new organisation changes are applied throughout truck development — not just to cabs —the cycle will be streamlined further.

How far this will actually compress the cycle depends on the extent to which time savings are offset by the growth in complexity, quality and *features* of future Volvo trucks. The same caveat applies to the impact of savings that are already being made through more effective laboratory testing.

UK NEWS

Store shares slide over Argyll accounting move

BY DAVID WALLER

SHARES ACROSS the stores sector yesterday tumbled on the London Stock Market yesterday fears of an onset of conservative accounting.

The widespread decline was triggered by the Argyll Group's decision to treat the £90m cost of reorganising its Presto stores as an "exceptional" rather than an "extraordinary" item.

The move, which follow's the company's £681m acquisition of Safeway in january, will reduce the pre-tax profits and earnings per share over the next four years.

The whole sector was afflicted by worries that acquisitive companies would have to reduce their profits in a similar way. Burton fell 14p to close at 311p, Dee fell 15p to 228p, Woolworth lost 22p to close at 400p, and Ward White 14p to 394p. Even Marks and Spencer, a company not prone to takeover activity, declined 9p to 243p.

"It was an immediate emotional reaction," commented one analyst. In a sector renowned for its takeover activity, and subsequent reorganisation of acquisitions, extraordinary costs abound. These do not have any effect on a company's pre-tax profits or earnings per share, whereas exceptional costs are taken "above the line" and most certainly do.

The City of London became aware of Argyll's accounting heresy midway through a meeting of analysts yesterday morning. News of Argyll's £208m rights issue and the company's share price had already prompted a fall of about 10p in its share price from the opening 484p.

During the presentation of the 1986-87 figures, the impact of the exceptional item suddenly registered, and brokers alerted their sales-forces to the bearish implications. Argyll's shares fell further to close 45p down at 439p.

Mr David Webster, Argyll's finance director, said his company "would have been delighted to have treated the cost as extraordinary. But we followed the only course of action open to us if we were to comply with the appropriate accounting convention."

"If we had adopted a different treatment, our auditors would not have been able to support it."

He denied, however, that he had adopted the policy at the auditors' insistence.

Argyll's decision highlights the ambiguity surrounding the accounting treatment of takeovers. Accounting orthodoxy, in the form of a recently revised Standard Statement of Accounting Practice Number Six, says that costs associated with a company's ordinary activities are "exceptional".

"Extraordinary" costs are those that arise outside its normal activities. It is a moot point whether takeovers constitute normal activity or not.

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Backing for consumers on cash card laws

BY HUGO DIXON

THE OFFICE of Fair Trading (OFT) has come down firmly on the side of the consumer in recommendations for changes in the law on cash dispensers published yesterday.

The recommendations have been made to the Jack Review, set up earlier this year to decide whether there was any need to change the law on banking to bring it up to date with electronic developments.

OFT's proposals, which mirror those of the National Consumers Council, increase the likelhood that something will be done.

There is growing concern that consumers are insufficiently protected in automated teller transactions. OFT has made four main recommendations:

- Consumers' liability on ATM cards which are lost or stolen should be brought into line with the law on credit cards, as set out in the 1974 Consumer Credit Act. This limits cardholders' liability to £50.

At the moment, an ATM card issuer can write unlimited liability into its contracts with cardholders.

- When there is a dispute over an ATM transaction, such as its value or whether it took place at all, the burden of proof should lie with the card issuer. At present, many take the attitude that the consumer is guilty until proved innocent.
- All ATMs should be capable of producing receipts, so that the cardholder can have some paper evidence of any transaction.
- The mailing of unsolicited ATM cards should be banned. This would also follow the provisions of the Consumer Credit Act as they relate to credit cards.

OFT is suggesting these proposals are backed up by a statutory code

Card issuers should be obliged to incorporate most of the code's provisions into contracts with their customers.

OFT doubts that a voluntary code would be sufficient and thinks that to ensure it is obeyed, the Secretary of State for Trade and Industry or the Director General of Fair Trading should have the power to enforce it by means of a direction.

Warburg switch for Mercury International

By Our Financial Staff

MERCURY International Group (MIG), the investment banking concern, is planning to change its name to S.G. Warburg Group in order to sharpen its image.

There has been some confusion in the press, among the public and in financial markets because of the plethora of different names within MIG and name changes in the past. The group took on its present name only in April 1986, having previously been called Mercury Securities.

MIG is best known because of S. G. Warburg, its merchant bank. Its securities operations, which include all the elements assembled last year by MIG to prepare it for a major role following Big Bang, have increasingly become known in the market as Warburg Securities, although the full name is S.G Warburg, Akroyd, Rowe & Pitman, Mullens Securities.

MIG feels there will be less confusion if the holding company and the two main wholly-owned subsidiaries share the same name.

US system studied to halt off-balance sheet financing

BY RALPH ATKINS

The Accounting Standards Committee may take a lesson from US accountants on how to stop companies using off-balance sheet financing.

The committee is anxious to find ways of halting the growth in the use of devices to improve the appearance of a company's balance sheet. Off-balance sheet financing allows a company to have responsibility for assets and liabilities without showing them on its balance sheet.

A report published by the Institute of Chartered Accountants in February said billions of pounds are invested in these schemes – making it difficult for investors to assess the true position of many companies.

The committee particularly wants to prevent the use of "controlled non-subsidiaries" which are used to house assets and liabilities not shown on parent group balance sheets.

But drafting a new accounting standard to overcome the problem is a complex project which even the Accounting Standards Committee has found hard to tackle.

Instead the committee is considering a solution from the US that would break new ground for Britain's auditors.

It relies on using a general definition set out by the US Financial Standards Accounting Board of what transactions should be included on a balance sheet. The definition set but in the paper under consideration would take the UK's accounting standards to a level of abstraction not seen before.

"It is unlike any other paper the Accounting Standards Committee has proposed," said Mr Michael Renshall, the committee's chairman.

The wording the committee is considering adapting defines an asset that should be included as having a "probable future economic benefit." It should also have been obtained and controlled by the company as a result of a past transaction or event.

Similarly a liability is anything which will mean a "probable future sacrifice" for the company.

If any proposal is to be workable it must take account of the highly technical issues involved. The committee is also facing pressure from the Law Society which has warned against measures that will make the job of auditing too subjective.

The committee will also have to overcome objections from businessmen and accountants but it hopes to publish a consultative document in September.

This will be followed by about six months of discussion. The new standard would then have to be approved by the six bodies which supervise accounting in the UK and Ireland.

Oil production falls by 4%

FINANCIAL TIMES REPORTER

OIL PRODUCTION from the UK sector of the North Sea fell 4 per cent in the three months to April compared with the level in the corresponding period of last year, according to official figures published yesterday.

The Energy Department's Energy Trends showed that crude output in the three months to April was 29.5m tonnes or 2.42m barrels per day compared with 31m tonnes in the corresponding period a year earlier.

The decline is likely to accelerate as North Sea production is past its peak. By 1990, UK oil production is likely to have fallen to between 1.6m b/d and 1.7m b/d.

By the end of the century it is likely to be between 600,000 b/d and 1.2m b/d, depending on the rate of discovery and development of new fields.

Yesterday's figures show the amount of oil processed in UK refineries in the three months under review was 8 per cent below the level of the corresponding period a year ago.

Consumption of petroleum products fell 7.4 per cent in the period, although consumption of petrol was up by 5.8 per cent.

The steepest falls were in demand for kerosene and fuel oil which were down 37 per cent and butane and propane which were down 21 per cent.

Dockers to be balloted on strike

By Jimmy Burns

THE TRANSPORT and General Workers' Union (TGWU) is to ballot Britain's 13,500 dockers on a national docks strike which would begin if employers in the West of Scotland re-introduce casual working in ports there.

A special conference of docks delegates in London yesterday voted overwhelmingly in favour of the ballot in response to the Clyde Port Authority's decision to close the Greenock container terminal.

Mr Nicholas Finney, director of the National Association of Port Employers, described the ballot as "entirely unnecessary." He claimed that the union was over-reacting to a problem that was being resolved locally.

However, Mr John Connolly, the TGWU's national docks secretary, said yesterday that the proposed Greenock closure had raised a "fundamental issue" for dockers. He was "absolutely confident" of having their support if strike action went ahead this summer.

The Clyde Port Authority said yesterday that it expected all 66 dockers currently employed at the terminal to accept the offer of £35,000 each in severance payments, and that the closure would be completed without problems by the revised deadline of August 14.

Mr Connolly predicted that some of the dockers would refuse to accept voluntary redundancy and that this would inevitably lead local employers into a breach of the 40-year-old statutory Dock Labour Scheme.

The authority said it could offer alternative employment to only six of the dockers, while other port employers in the west of Scotland said they had no jobs available.

The TGWU said yesterday the ballot move was a pre-emptive decision aimed at having a strike in place by August 14 – the date by which the Clyde Port Authority will deregister its dockers – within the time-scale required under present trade-union law.

The ballot is expected to begin in the first week of July and its results will be published by July 21.

They fear that employers are privately using the Greenock problem to get rid of a scheme they believe is contrary to the Government's free-market philosophy and detrimental to their own competitiveness.

GM van plant at risk after workers reject no-strike agreement

BY CHARLES LEADBEATER, LABOUR STAFF

THE FUTURE of 1,900 jobs at General Motors' van plant at Luton hangs in the balance after workers at the plant voted to reject a strike-free agreement which includes radical changes in working practices, collective bargaining arrangements and pay scales.

The unions are seeking to reopen negotiations, but the company said the changes would have to be agreed by next Tuesday, otherwise its joint venture with Isuzu, the Japanese motor manufacturer, would be called off and the plant closed.

The detailed agreement will have to be signed by July 24 when the plant, which is losing £500,000 a week, closes for the summer holidays.

It is likely there will be 500 redundancies under the plan, which represents one of the most far-reaching proposals for change in industrial relations at an established manufacturing plant. Strike-free, worker-flexiblity agreements have usually been proposed at single-union, greenfield sites.

Union officials said the company's proposals would mean worse terms and conditions of employment. However, mass meetings on Wednesday night mandated union negotiators to reopen talks.

The company, which remains hopeful for an agreement, has offered an across-the-board rise of £240 and the consolidation of production bonuses worth £940 a year to ease through the changes.

However, the proposals contain several highly contentious elements, which are the furthest yet that any motor manufacturer has gone in responding to the streamlined working practices introduced at Nissan's Tyne and Wear car plant.

The Luton plant's 30 pay grades would be condensed into a single structure of nine, covering both manual and white-collar workers. The company wants to sweep away more than 100 job classifications to produce complete worker-flexibility within grades, subject to skills.

A system of binding pendulum arbitration would be introduced and collective bargaining would be conducted through a joint works council, covering all staff, modelled on Nissan's procedure.

White and blue-collar would be on the same terms and conditions.

Guinness Mahon loses employees to B&C rival

BY HUGO DIXON

EIGHT MORE senior employees of Guinness Mahon, the merchant bank, have defected from the accepting house to join the new merchant banking group being set up with £100m in capital by British & Commonwealth, the financial services and transport group.

The moves create a further headache for Mr Alastair Morton, chairman of Guinness Peat Group (GPG), the parent of Guinness Mahon, who has spent the week trying to find an acceptable compromise with Equiticorp, GPG's largest shareholder, for representation on the board and negotiating unsuccessfully for a merger of the insurance broking arms of GPG and Hogg Robinson Group.

The arrivals at British & Commonwealth join Mr Bruce Ursell, the new merchant bank's chief executive, and Mr Malcolm Wilde, his deputy, both of whom left Guinness Mahon in April.

They are: Mr David Milne, Guinness Mahon's director for capital markets; Mr Peter Haring, also on the capital markets side; Mr Jorge Gallegos, director for entertainment financing; Mr Mark Toller, assistant director for private banking; two of Mr Toller's assistants, Mr Ian Crosthwaite and Mr David Skeath; Mr Michael Chicken, manager for property financing; and Mr Paul Kelly, manager for credit administration.

The eight joined British & Commonwealth on Monday after handing their resignations to Guinness Mahon several weeks ago. "We are filling the gaps," Mr Morton said. "Nothing is particularly tragic."

Finance control 'lacking' at troubled newspaper

BY RAYMOND SNODDY

THERE WAS a complete *absence of* financial controls at the News on Sunday and "very poor" accounting records, according to a statement of affairs produced by the company's auditors.

The directors of the left-of-centre newspaper, which raised £5.4m from 23 trade unions and 21 Labour-controlled councils and £1.1m from private investors asked for a statement of affairs soon after the launch at the end of April.

H.W. Fisher, the News on Sunday's auditor, said it was unable to give a formal statement of the company's affairs on May 10 because of a series of difficulties. They included the absence of the company's accountant during the preparation of the report and the fact that no cash transactions had been fed *into* the company's computer system.

"The transactions for the period August 1986 to November 1986 have not been properly recorded and have not been incorporated in the accounting records," the accountants said in the introduction to their document.

The firm went on to mention "the complete absence of financial controls and the general very poor state of the accounting records."

Two weeks after the launch of the paper H.W. Fisher gave a warning that the surplus over all the company's liabilities amounted to £157,000 – barely enough for another week's publication. The board made sure that more money was injected to avoid the danger of trading illegally.

Yesterday Mr Nicholas Horsley, chairman of the News on Sunday and deputy chairman of Northern Foods, admitted that no proper books were kept. "There were financial records, but I accept that no proper books were kept," Mr Horsley said.

Work began yesterday on the next issue of the paper after all the 183 staff received dismissal notices. Between 70 and 80 are being hired on weekly contracts while Lancashire businessman Mr Owen Oyston tries to complete a rescue package for the paper.

One former member of staff said yesterday that there was now widespread gloom about the prospects for News on Sunday which is now clinging on to a circulation of about 200,000.

Job cuts dispute disrupts Massey

BY JOHN GAPPER, LABOUR STAFF

MANUAL WORKERS at the Massey Ferguson tractor plant at Coventry, West Midlands, started industrial action yesterday in protest at the company's intention to make 375 of them compulsorily redundant and impose a 10 per cent pay cut on the others.

A rolling programme of action, which could include temporary walkouts, is planned by the unions, which said they were confident that production would be "significantly" affected.

It follows the breakdown of talks on the company's intention to regrade the pay structure to produce an average cut of 10 per cent, and impose enough redundancies to make up the 840

The company said that a ballot of 1,845 workers at the end of last week after compulsory redundancy notices were sent out produced a majority in favour of industrial action by 1,106 to 526.

Mr George Gettevog, a TGWU transport worker' union district officer, said that industrial action would continue until the company resumed negotiations on the redundancies, but he declined to specify the measures planned.

David Lascelles talks to the new top man at Britain's largest retail bank

NatWest chief holds focus on the globe

THE MERRY-GO-ROUND at the top of Britain's clearing (retail) banks twirls again next week. After the appointment of new chairmen to both Midland Bank and Barclays Bank in the past two months, it is the turn of NatWest, the UK's largest clearer.

Mr Tom Frost, a 54-year-old Lancastrian, takes over as chief executive from Mr Philip Wilkinson, who is retiring. The challenge facing Mr Frost is to hold and consolidate the lead which NatWest wrested only last year from Barclays at a time when the banking industry is undergoing great upheavals.

This is not a prospect which daunts Mr Frost, a genial but ambitious banker who has spent his entire career with NatWest. He is deeply steeped in the famous corporate culture which binds this £80bn institution together. As the bank's chief of business development for the past five years, he has been at the centre of the strategy which put NatWest where it is today.

"My blood is on it," he says of NatWest's masterplan to be the UK's top bank. Only last week, NatWest displayed its power by becoming the first UK bank to follow the US banks' large provisions on Third World debt; its £466m charge sets a cracking pace for the other clearers to follow.

There are two broad thrusts to Mr Frost's strategy. One is to establish NatWest as a global institution with a strong position in the world's capital markets and the US. The other is to build up the bank's share of the UK financial services market where it is well placed with more than 3,000 branches.

The key to NatWest's global plans is NatWest Investment Bank (NWIB), the new capital markets and merchant banking subsidiary which Mr Frost helped set up for *last year's Big Bang,* and which is now expanding in other markets in the Far East and North America.

"NWIB is the realisation that you can't be a world bank with a corporate client base without offering investment banking products," he says. "The alternative is to retreat and be a UK-based savings-type bank."

Over the next year or two, Mr Frost wants to see NWIB firmly established in the Tokyo market, as well as on Wall Street where NatWest aims to join the ranks of the officially designated treasury bond dealers – the coveted badge of all institutions with global ambitions.

Mr Frost has a strong personal interest in the US market. He organised the acquisition of National Bank of North America in the late 1970s which mared NatWest's entree to New York – and then spent three years stripping it down and reshaping it to NatWest's liking.

Another major acquisition looks likely, problably further to the West. NatWest recently listed its shares on Wall Street, which should make any deal easier to finance locally.

Tom Frost: strong personal interest in US market

"We look to the US to do even better for us," he says. "Our business there will be bigger and produce bigger profits." But steering NatWest towards its global goals, and combining the best of commercial and investment banking, is a bit like driving a battleship. It takes time. "We're past the embryo stage. But we're taking a 10-20 year view."

One thing Mr Frost learnt from his five years in the US was a healthy respect for marketing – not something that figured large in the world of British retail banking where he gained his early skills. He is not inclined to go as far as American bankers who give away toasters and TV sets to people who make large deposits. "But you have got to give the customer what he wants, at the right place and the right price."

Vigorous marketing is one way Mr Frost intends to woo business from other banks, and see off institutions such as building societies which are encroaching on his turf. NatWest now has a huge marketing staff, some of them men and women trained to sell soap powder and soup rather than bank accounts and mortgages.

Brighter branches, greater convenience through use of plastic cards and machines, the steady elimination of paper: these are the sorts of improvements Mr Frost wants to push through.

"The retail market is going to be very difficult. It's going to be a war. But we're there. We've got the business. People cannot say to us 'Move over' because we won't. We're in front and we're going to stay in front."

To reinforce that view he points out that NatWest spends £50m a year just training its staff. "How many others can spend that sort of money?" he asks.

He predicts that the range of services NatWest will sell through its branches will widen. The bank already offers mortgeges, insurance and, most recently, a touch-screen share dealing service.

The completion of a new high-tech communications network linking all the branches boosts the delivery possibilities. Mr Frost declines to elaborate on what new services NatWest might offer, though he rules out estate agency, a route taken by Lloyds Bank.

On the company banking sector, NatWest is setting up special corporate banking branches which are geared to business needs. Altogether 81 of these so-called "business centres" are planned. Mr Frost claims the first ones "are going like a bomb."

Compared with the other chairmen who have taken over leadership of clearing banks this year, Mr Frost has a less gruelling task. He says NatWest is riding the crest of a wave. "I don't have to start the engine. It's running already." But banking fortunes can change with alarming speed, and Mr Frost will be a jealous guardian of NatWest's patch.

Beecham builds for future on its bacteria resistance record

Tony Jackson reports on a drug-maker which has injected life into sales of antibiotics

BEECHAM, the UK drug company, has been at great pains to publicise today's official opening by the Queen of its new £40m plant at Irvine, in south-west Scotland.

This is not merely gratification at securing the Royal presence. The *plant, besides being the company's* biggest single investment, looks like vindicating one of the most vital parts of Beecham's strategy as a drug-maker.

The plant triples the group's output of a chemical with the exotic name of clavulanic acid. Development of the chemical won Beecham the Queen's Award for Technological Achievement last year. It demolishes the resistance of many bacteria to penicillin.

Beecham's role in the commercial development of penicillins is a dis*tinguished one. It was the discovery* by four Beecham researchers in 1959 of the penicillin nucleus which made possible the development of a whole range of semi-synthetic penicillins.

The snag about penicillins, as with all antibiotics, is that they create resistance in the bacteria they attack. Dr Ralph Batchelor, one of the four-man team of researchers and now head of Beecham Pharmaceuticals' central coordination unit, gives some alarming statistics.

Take staphylococcus aureus, he says – one of the commoner bacteria. In 1949 only 6 per cent of strains of that organism were resistant to penicillin. By 1968 the figure was 50 per cent and by 1978 82 per cent.

There is, however, another newer class of antibiotics less prone to such problems – the cephalospor*ins. First discovered by an Italian* scientist at a sewage outlet in Sardinia, these were taken up and developed in the US, by the drug company Eli Lilly in particular.

Beecham, immersed in its penicillin technology, did nothing to follow. It was a decision which was at one time to seem disastrous. As successive and more sophisticated generations of cephalosporins came to the market, it began to look as if Beecham had missed the boat.

Dr Batchelor is defensive about this. "It was a question of resources," he says. "At the beginning of the 1960s we had around 150 research staff, compared to 2,000 now. If we'd tried to do both we'd have made a cock-up of both."

But the company stuck to its guns. Since 1940, it had been known that bacteria produce an enzyme called beta-lactamase, which breaks up penicillin and makes it harmless. So in 1967 Beecham scientists set out to find something which would combat beta-lactamase.

Since it also had to be something which could be added to penicillins, it seemed a difficult task. The researchers set up a highly-sophisticated screening system and started to test existing micro-organisms for action against beta-lactamase.

After looking at about 5,000 organisms, they found what they wanted in the vaults of a scientific institution called the American Type Culture Collection. Called Streptomyces clavigerus, it was an organism discovered in South American soil samples by, ironically, Beecham's great rival in the antibiotics field, Eli Lilly.

Lilly had done nothing with its find, but for Beecham it turned out to be perfect. It formed an irreversible compound with beta-lactamase and blocked it off from the penicillin.

It also combined simply and effectively with penicillin to give a one-shot treatment. "The clavulanic acid by itself doesn't do anything," Dr Batchelor says. "The penicillin doesn't work because the beta-lactamase destroys it, the clavulanic acid doesn't work because it has no biological activity – but put the two together and clavulanic acid allows the penicillin to work."

Beecham had found a way to rejuvenate its antibiotics portfolio, at the same time extending their patent life by re-patenting the combination. In 1981 the company introduced the first fruit of its work, Augmentin, which combined clavulanic acid with its best-selling penicillin, amoxycillin.

The drug was slow to build up sales. "One of the reasons was that we're much better at marketing in the US now," Dr Batchelor says. "We've only been there since 1984. And in the UK, at first we weren't very good at making clavulanic acid, and amoxycillin was still selling well – so though we might get a higher price for Augmenting until we had improved the manufacturing we wouldn't get the margins."

In the past year, however, it has really taken off, with sales shooting up from \$79m to \$184m. This still lags behind basic amoxycillin, which managed a 5 per cent rise to £230m and is still Beecham's biggest-selling drug and, the group claims, the most widely prescribed antibiotic in the world.

As Beecham moves into new areas in its drug research – drugs against hypertension and heart attacks, migraine and obesity – it is reassuring for the group that its older scientific strengths have life in them yet.

FT LAW REPORTS

Empty hatch is unworkable

PRESIDENT OF INDIA v SLOBODONA PLIVIDBA S YUGOSLAVIA AND OTHERS

Queen's Bench Division (Commercial Court): Mr Justice Webster: May 21 1987

AN EMPTY hatch is not "workable" or "available" for discharge of cargo, so that where the vessel is to be discharged at an average daily rate on the basis of a fixed number of available workable hatches but "pro rata if less number of hatches," calculation of laytime is governed by a contractual rate of discharge which diminishes proportionately as hatches become empty.

Mr Justice Webster so held when allowing four appeals by the charterer, the President of India, from arbitration awards made in favour of Slobodona Plividba S Yugoslavia and three other shipowners, in respect of the method of calculating laytime.

HIS LORDSHIP said that there were four separate appeals from arbitrators and an umpire in disputes between the President of India as charterer and four different owners of the *General Capinpin*, the *Proteus*, the *Free Wave* and the *Dinara*. Each appeal concerned the method of calculating laytime at port of discharge.

The relevant charterparty clause provided "cargo to be discharged . . . at the average rate of 1,000 metric tonnes basis five or more available workable hatches, pro rata if less number of hatches, per weather working day . . ."

Before the arbitrators the charterer contended that the effect of that clause was that the contractual rate of discharge would diminish as holds became empty, so that the time permitted for discharge was governed by the quantity of cargo in the hold into which the greatest quantity of cargo had been loaded.

The contention was rejected in all four awards.

On the present appeal Mr Glennie for the charterer relied on *The Giannis Xilas [1982] 2 Lloyd's Rep 511*, which was concerned with the meaning and effect of "150 metric tonnes per workable hatch and pro rata . . . per weather working day . . ."

At page 150 Mr Justice Bingham said that holds, being of different sizes and containing different quantities, points would be reached at which successive hatches would cease to be workable because they became empty.

He said: "On the proper application of the clause in this form the time permitted for loading is governed by the quantity of cargo loaded into the hold into which the greatest quantity of cargo is loaded." He relied on the *Sandgate (1929) 35 L L Rep 9* and the *Corfu Island [1953] 2 Lloyd's Rep 472.*

Mr Glennie submitted that "available workable hatch" had to be given the same meaning as Mr Justice Bingham gave it. *If it was given that* meaning, a hatch was not workable during discharge when it was empty.

Mr Young for the owners submitted that the expression should not be given that meaning because it appeared in a different context. He submitted that the governing words in the present case related to discharge of the vessel at an average rate of tonnes, as distinct from discharge of a hatch at a daily rate.

He adopted the reasoning of the arbitrators in *The General Capinpin* where they said that "Where, as in this case, a figure for the entire vessel is used . . . one arrives at the total permitted laytime by dividing the total cargo tonnage by the daily rate of the vessel . . . The difference of emphasis in the two different formulae, one based on a rate for the vessel and the other based on a rate for a hatch, seem to us to make a crucial difference."

There were conflicting dicta on the question whether there was a difference between a formula based on a rate for the vessel and one based on a rate for a hatch. According to dicta of Lord Justice Scrutton and Mr Justice Parker there was a difference. According to dicta of Lord Justice Salmon and Lord Justice Megaw there was not.

Lord Justice Scrutton in *The Sandgate [1930] P 34*, said that discharge "at the average rate of 125 tonnes per working hatch per day" could not be read as a *roundabout way of saying* "discharge 500 tonnes per working day out of four cargo hatches, 125 *tonnes* for each hatch."

Mr Justice Parker in *The Tropwave [1981] 2 Lloyd's Rep 159* came to a similar conclusion.

Dicta to the effect that there was no material difference between the two clauses were both to be found in *The Theraios [1971] 1 Lloyd's Rep 209.*

The conclusion of Lord Justice Scrutton and Mr Justice Parker was preferred, at least to the extent that while 200 tonnes per hatch per day, given *five hatches*, might well be the same as 1,000 tonnes per day per vessel, 1,000 tonnes per day for the vessel was not necessarily the same as 200 tonnes per hatch per day, given five hatches. As Mr Justice Parker recognised, discharging might have to take place at a rate of more than 200 tonnes per day through one or more hatches if the vessel was to be discharged at the rate of 1,000 tonnes per day.

The clauses in the present cases providing for a discharge rate per day for the vessel were therefore different in effect from the clause in *The Giannis Xilas.*

The question was whether the difference was such as to give a different meaning to the word "workable."

It could not do so. Although under the present clause it might be necessary to discharge through some hatches at a *higher rate than 200 tonnes* per day, so as to achieve 1,000 for the vessel, the rate which the vessel had to achieve was none the less governed by the numbers of "available workable" hatches.

The words "basis five or more available workable hatches, pro rata if less number of hatches . . ." meant no more than that the average discharge rate was to be 1,000 metric tonnes of there were five such hatches, 800 if there were four, 600 if there were three and so on.

There was no reason why a hatch with no cargo in the hold beneath it should be treated as an available workable hatch for the purpose of determining the rafe of discharge for the vessel, but not for determining the rate of discharge per hatch.

The question to be asked in the context of the rate per vessel clause was the same as in a rate per hatch clause—"Is a hatch workable if it is empty," or "what is the meaning of 'workable'?"

In each context the question could only be answered by reference to the decisions in *The Sandgate, The Corfu Island* and *The Giannis Xilas*, that the hatch over an empty hold was not a workable hatch.

If the answer were otherwise it would mean that "available workable hatches" had one meaning for the purpose of a discharge clause *expressed* as an average rate for the vessel and a different meaning in a discharge clause expressed as a daily rate per hatch.

There was no reason for making any such differentiation. The charterer's appeals on the first point were allowed.

In the *Proteus* and the *Dinara* the arbitrators rejected a contention *by the charterer* that a hatch was not available and workable if there was no ship's gear to work it.

That conclusion was correct. It followed *inevitably* from the hypothetical example of a gearless vessel sent by charterers to discharge at a port where discharge had to take place in the stream and where there were no floating cranes. In such a case, if the charterers' contention were correct, laytime would continue indefinitely until the contract was terminated by frustration. That would be an *absurd* result.

A hatch was not unavailable or unworkable because no gear was available to load or discharge through it. First, a hatch was not the same thing as a piece of gear — it was simply access to space: and secondly there was no authority for giving "workable hatch," "available hatch," or "available workable hatch" a meaning which related to availability of gear.

The charterer's appeals on the second point were dismissed.

For the charterer: Angus Glennie (Zaiwalla & Co).

For the owners: Timothy Young (Sinclair Roche & Temperley).

By Rachel Davies
Barrister

Economists warn of problems if growth continues

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE RECENT strong growth in Britain's economy has not yet brought the risk of, 'overheating' in spite of some evidence of capacity constraints and a surge in overtime working in manufacturing industry, a City of London study says.

A report by economists at James Capel, a leading securities house, says, however, that there are some "early warning signals" which could point to future problems if the economy continues to expand at its present rate.

Recent surveys from the Confederation of British Industry have suggested that in some industries output may be close to capacity. The proportion of companies citing plant capacity as a constraint on output in the Capel study is 25 per cent, only just below the figure at the economic peak in 1973.

The other statistic which appears to support the 'overheating' case is that for overtime hours, which is higher than at the peak of the five previous economic cycles.

The evidence, however, is not all one way. Since 1979 the economy has on average grown by 1¼ per cent a year compared with estimated growth in productive potential of 2½ per cent a year.

And only 12 per cent of companies are reporting skill shortages as a constraint on output growth, compared with 31 per cent on average during the previous five cyclical peaks.

The study says that the services sector, which had accounted for around 60 per cent of the rise in output since the recovery began, unlike manufacturing, had enjoyed a net expansion of capacity.

If there were a real danger of overheating – which would imply rising inflation and a deterioration in the trade balance – it would probably have shown up in a rise in the level of pay awards. The latest evidence, however, suggests little if any signs of a pick-up in settlements.

De La Rue to develop fingerprint security

By James Buxton

DE LA RUE, the electronics and security printing company, has acquired exclusive rights to develop and market an electronic system for fingerprint recognition which could become the basis for future security systems.

The system, invented by a team led by Professor Peter Denyer at Edinburgh University, electronically matches a fingerprint against a memory store of "authorised" prints.

It could be used to grant entry to buildings or cars, and to give access to computers. It could also replace personal identity numbers for confirming a credit card and cash machine user.

Police forces already have large electronic systems for matching fingerprints, but the advantage of Prof Denyer's device is that it can cope with relatively poor quality fingerprint impressions.

It identifies or rejects the whole fingerprint rather than relying on individual characteristics.

It can also be made into a small, inexpensive device – possibly as small as a cigarette packet.

De La Rue is paying £500,000 to Quantum Fund, which provides venture capital for commercially-exploitable work at the university. Quantum will invest £300,000 to enable the university to build a full-scale demonstrator.

The company hopes to be able to market the product by the end of 1988.

Quantum Fund, which will retain the licence to the technology, was created in 1985 by Investors in Industry (3i); The British Linen Bank; the Scottish American Investment Company; and the University of Edinburgh.

Confidence grows as food industry profit margins rise by 40%

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

FOOD MANUFACTURERS are becoming more profitable and confident as they emerge from the recession and adapt to dealing with powerful retailers, according to the Institute of Grocery Distribution.

Net profit margins rose by more than 40 per cent between 1982 and 1985 says the institute, which is largely funded by the retail industry. It also claims that food makers have taken advantage of opportunities to add value in the factory.

This is borne out by pre-tax margins of 5.37 per cent last year, compared with 3.57 per cent for grocery retailers and 1.51 per cent for food wholesalers and distributors.

The fading of the economic recession is reflected in the falling numbers of food companies going bankrupt or going into liquidation.

The number appears to have peaked in 1984 with 36 food manufacturers declared bankrupt, compared with four in 1981, and 132 going into liquidation.

In the first half of last year, the whole food, drink and tobacco sector suffered only 13 bankruptcies.

Company failure has been replaced as a dominant trend by consolidation and acquisition, and the emergence of new forces in the industry – such as Hillsdown Holdings – and greater vigour and innovation in existing majors.

Food manufacturing specialists spent more than £200m on acquisitions last year, compared with £75m in 1983. Although modest alongside the £3bn spent by drinks makers, and £1.2bn in retailing, the institute says this was not because of any lack of activity, but rather that the acquisitions were smaller because of the industry's fragmented nature.

Spending may rise sharply this year, it says, with several large bids and a continuation of the recent pattern of many small takeovers.

Business confidence 'growing on Merseyside'

BY RALPH ATKINS

BUSINESS OPTIMISM in Merseyside is growing, according to a survey published yesterday.

The survey of more than 140 companies in the area is the second compiled by Arthur Young, the accountancy firm. The first was compiled in November 1986.

The latest results show an improvement in employment prospects, with almost half the companies surveyed expecting to increase their workforce in the next six months.

There was also a large increase in the number of executives who said they would recommend Merseyside as an attractive location for investment.

Mr Jim Clarke, chairman of the Merseyside branch of the Institute of Directors, said the results confirmed what businessmen in the area had known for a long time.

Dalgety restructures board for European expansion

BY ALICE RAWSTHORN

DALGETY, the food and commodity group which has been dogged by bid speculation, has restructured its senior management team. The changes reflect Dalgety's new strategy of expanding its European food business through growth and acquisition.

The restructuring involves the appointment of a group managing director and the creation of a group commercial director with specific responsibility for acquisitions.

The company is also looking for a financial director from outside. This senior team will spearhead Dalgety's expansion within the European branded-food industry.

Mr Maurice Warren, formerly Dalgety's UK managing director, has become group managing director with responsibility for all activities within the UK and Europe. He will also be responsible for Gill & Duffus, the commodities business acquired in 1985.

The post of commercial director will be filled by Mr Robert Harris, previously commercial director for the UK business. He will take charge of corporate services, including acquisitions.

Dalgety plans to recruit a finance director to replace Mr John Hart, aged 56, who will be seconded from the company to work as chief accountant of the Prince of Wales's Youth Business Trust, a project to stimulate youth employment and enterprise, until he retires in two years. This is the first time that a Dalgety employee has been seconded to a charity.

Mr James Stirling, company secretary, is retiring. He will be succeeded by Mr Brian Gandy, group pensions manager and formerly assistant company secretary.

Electronics industry backs EC research

By Terry Dodsworth, Industrial editor

THE Electronic Engineering Association (EEA), the UK's leading trade association for the electronics industry, called yesterday for the withdrawal of the British Government's lone opposition to the European Community's research budget.

In a letter to Lord Young, Trade and Industry Secretary, the EEA says that further delay on the proposed research programme "must be detrimental to UK interests."

It would be difficult for member companies to address market opportunities against concerted European competition in the 1990s "if we remain isolated," it adds.

"Continued disagreement will either cause the total delay of the European programme, or result in the rest of Europe moving ahead without UK participation."

The EEA's intervention in the budgetary row comes at a critical time for the future of collaborative European research. Some companies are claiming that there is now a growing danger of a collapse in several research programmes because of Britain's solitary refusal to agree to the new Ecu 6.4bn (£4.5bn) expenditure plan.

The latest budgetary proposals follow the rapid development of collaborative research projects within the European Community over the last few years. British companies have become strong participants in many of these ventures, which cover a wide area of technology, from factory automation to semiconductor design.

Mr Peter Sachs, director of the EEA, said yesterday that more than 60 per cent of the association's members were taking part in European-backed co-operative projects, a large number of them under the Esprit information technology research programme.

Even if the research proposals were given an immediate go-ahead, he added, it would mean substantial delays of up to six months on the original timetable.

The EEA has timed its letter carefully to put maximum pressure on the Government before the European summit meeting next week,

According to reports in Brussels, both Lord Young and Mr Kenneth Clarke, the minister responsible for EC research, are more amenable to allowing the research programme to go ahead than Mr Geoffrey Pattie, the former Minister for Information Technology.

PM rebukes Kinnock in combative defence of 'radical' policies

Alan Harper

PARLIAMENTARY POSES: The Prime Minister and Neil Kinnock pass through the members' lobby overlooked by a statue of Churchill during yesterday's ceremonial

BY IVOR OWEN

WITH Government supporters roaring approval, Mrs Margaret Thatcher, the Prime Minister, called on her critics in the Commons yesterday to reconcile themselves to the result of the general election as they deal with "one of the most substantial and radical" programmes of recent years.

The opening stage of the six-day debate on the Queen's Speech was marked by bad-tempered and disorderly interjections from both sides of the chamber with Scottish and Welsh MPs outbidding each other in asserting that the Conservative Party's electoral success — and the Government's mandate — was confined to England.

Mrs Thatcher firmly rejected such arguments as "absurd" and stressed that successive Labour governments had not been able to command a majority of English MPs.

She recalled statements by **Mr Neil Kinnock**, when a Labour back-bencher, *opposing* the Callaghan Government's policy on devolution, to reinforce her condemnation of "separatism" and insisted "We are—and I hopewe shall stay—a United Kingdom."

The Prime Minister was equally combative in rejecting Mr Kinnock's allegations at the start of the debate that the Government's policies to improve opportunities for the individual amounted to a return to the Conservative philosophy of the 1930s with ability to pay the key to obtaining acceptable standards of education and health care.

Accusing him of seeking to return to the irrelevant "shibboleths of the 30s" she insisted: "People know very well they have a higher standard of living than ever before."

Mrs Thatcher contended that the Labour policies which had been so decisively rejected were designed to concentrate power in Whitehall and to deprive millions of ordinary people of their shareholding in industry.

She promised: "By contrast we will continue our programme of privatisation, freeing businesses to respond to the needs of the customer and increasing the opportunities for share ownership."

The Prime Minister stumbled when rebuking Mr Kinnock for making "mischievous" comments about the fees which will be associated with the changes in education policy outlined in the Queen's Speech.

In seeking to explain that schools which decided to opt out of local education authority *control* would be financed through the Department of Education she used the word "fees" instead of finance.

This error was seized on by Labour MPs as being of the utmost significance and they momentarily brought the Prime Minister to a halt by chanting "Fees, fees, fees."

Mrs Thatcher impatiently brushed aside the attempt to exploit her apparent slip of the tongue and told her tormentors: "It's no good mouthing fees—there will be no fees payable."

When challenged by Dr David Owen, leader of the Social Democrats, she explained that any school which opted out of local education authority control would not be able to change its "character" without the approval of the Education Secretary.

Dealing with the legislation to abolish domestic rates in England and Wales and replace them by a community charge or poll tax, Mrs Thatcher maintained that subject to proper *protection for those in need* "it is right that we should all pay something towards the cost of local services from which we all benefit."

She stressed that the new unified business rate *would protect* businesses and jobs in inner cities from the councils which obstructed wealth and job creation by imposing very high rates.

The Prime Minister described the spreading ownership of housing, shares, pensions and savings as "a great achievement" of her first eight years in office and welcomed the endorsement by the British people of the policies which had brought record living standards and better standards of health and social services than ever before.

She assured the House that the control of inflation through *sound financial* policies would remain "our top priority."

Underlining the importance the Government attached to reviving the private rented housing sector, Mrs Thatcher said it was high time that the virtual municipal monopoly in such properties should be replaced by "individual choice in renting."

Mr Kinnock forecast that the Government would disregard the advice of Mr John Biffen, sacked from his post as Leader of the Commons immediately after the election, to use its renewed power with "circumspection."

To cheers from the Labour benches, he warned that all the signs pointed to the Government using its power "*malevolently*."

In the process, he said, tenants would have their rents decontrolled and would be left at the mercy of "unscrupulous landlords," and youngsters *would* be "*conscripted* into training" regardless of its quality or suitability.

Mr Kinnock, who accused the Government of planning to further increase the "theft" of power from local authorities, insisted that the replacement of domestic rates by a poll tax would mean making people pay for their vote.

He contended that millions of people would be unable to pay the poll tax or unable to pay it without incurring immense hardship because of their poverty, and that it would involve a substantial increase in business costs in many parts *of Britain.*

Mr Kinnock accused the Prime Minister of wanting to introduce a "fee-paying society" jettisoned more than 40 years ago by earlier Conservative governments as well as by Labour administrations.

Scoffing at the concept of choice as advocated by the Prime Minister, he asked: "Where is the choice for the people who must beg or borrow the price of an operation or wait interminably in pain?"

Mr Kinnock branded the Government's policy as, "If you have not got the fee you cannot be free."

To Labour cheers, he declared: "That system was buried once by reality and by the needs of a free people. It will be again."

Mr David Steel, the Liberal leader, said the legislation proposed in the Queen's Speech was an irrelevance and would do nothing to heal Britain's social divide. The Government's social policies "are designed to rob the facilities of the poor in order to make life more comfortable for the rich."

He said the Government had won the support of 42 per cent of the electorate, but it had a duty to the other 58 per cent. "The whole tone of the speech indicates it does not recognise that duty." Much of the legislation proposed was "designed to enable those with resources to escape from the inadequacies of public provision."

Mr Steel said the Government should try to demonstrate that the social market economy meant capitalism working for everyone, not just the capitalists.

He accused the Government of taking more and more power to Whitehall at the expense of local government and "taking over itself when it should be helping local people to take charge of their own destinies."

Mr Steel said "nothing could help the economy less" than the plan to privatise the sewerage industry, which would be likely to result in a new private monopoly like British Telecom. And he was scathing about proposals for the inner cities which would result in "Yuppie areas being injected into them to change the political balance."

House trained: David Blunkett's guide dog Ted cannot stifle a yawn before his master's maiden speech to the House

Government warned on continuing plight of the inner cities

BY TOM LYNCH

THE GOVERNMENT was warned not to overlook the *plight of the inner cities in* strong speeches yesterday by a former Conservative Cabinet minister and a prominent newcomer to the Labour backbenchers.

Mr Leon Brittan (Richmond) the former Trade and Industry Secretary, said the Government should not listen to "political opoprtunists" who argued that the increasing strength of the Tory Party in the south of England would allow it to govern the UK without tackling the problems of the inner cities and the North.

Mr David Blunkett (Lab, Sheffield Brightside) in a powerful maiden speech pleaded for the recognition of the "political, economic and social diversity" of the UK rather than having policies imposed on local communities by central government.

In the debate on the Queen's Soeech, Mr Blunkett, the former leader of Sheffield City Council, rejected the Government's proposal to widen urban development corporations, as a solution to inner city problems.

Instead of centrally directed money going to outsiders, investment should be made available to local authorities to co-operate with local business and community groups to encourage the emergence and development of new industry.

He challenged the Government to return to Sheffield the money it lost in rates support grant, penalties equivalent to the state subsidy for the London Docklands Development Corporation. He said the LDDC had given investors massive incentives such as 200-year fixed rent leases and low price property—"if that was done by the much vilified local government system those councillors would be surcharged and disqualified for neglecting their fiduciary duty."

He urged the Government to stop the "vilification and undermining of confidence in local democracy. We don't want solutions imposed *as though* we were colonies or underdeveloped nations. What we want is the opportunity to do things for ourselves with our people."

Recalling the Prime Ministers wish to eradicate socialism, Mr Blunkett said councils, like trade unions had stood in the way of restructuring of our economic and social life, so that instead of the democracy of the ballot box the democracy of the bank balance will be the operation of our democracy in a *Conservative Britain*."

He said the reformers of the early 19th century had fought for a democracy based on citizenship rather than property.

Mr Brittan, whose constituency *is in Yorkshire*, said the divisions between rich and poor areas was still the greatest danger facing British society. The Conservatives had to tackle the problem because their *party* was "the *steward* of the welfare of the whole nation."

He said the Government would ignore "at our peril" the threat posed by nationlist sentiment in Scotland. He did *not advocate changes in policy* but he warned that a different presentation was needed."

The Conservatives should recognise that "a tone of voice or a set of assumptions that *may strike* a *responsive chord* in Reading or Ruislip may jar disastrously in Edinburgh or Aberdeen."

Many Scots suffered from "an ill-founded but dangerous feeling of being left out in the cold. The shock of our radical approach, our confident espousal of popular capitalism had had to battle against an instinctive reliance on the public sector that has built up in Scotland.

Mr Brittan suggested that development authorities could be set up for some of the English regions and a system of regionally varied income tax and national insurance would help compensate workers disadvantaged by regionally varied pay.

He said a fresh look could be taken at dispersing government departments and agencies to the regions. Some which were unable to move during the last round of dispersals might now be able to leave London because of improvements in information technology.

Mrs Margaret Ewing, for the Scottish National Party, called for a constitutional convention of all political parties to be set up in Scotland to debate the *future* of Scottish government. She said opposition parties had polled 76 per cent of Scottish votes and won 62 out of 72 seats, and opinion poll evidence suggested a strong *desire for the* return of some democratic control to Scotland.

For Plaid Cymru, **Mr Dafydd Elis Thomas** criticised as a total negation of Welsh democracy "the appointment of Mr Peter Walker *who represents* Worcester, as Welsh Secretary.

Action to reform education and housing pledged by Government

The Queen, opening the new *session of parliament, said* yesterday:

My Lords and members of the House of Commons,

I look forward with great pleasure to receiving His Majesty King Hassan II of Morocco, and His Excellency President Cossiga of Italy on state visits this year. I also look forward to being present on the occasion of the Commonwealth *heads of government* meeting in Canada in October and to visiting Australia in connection with the bicentenary next year.

My Government will stand fully by their obligations to the Nato Alliance. They will sustain Britain's contribution to Western defence by modernising the independent nuclear deterrent through the introduction of the Trident submarine programme and by increasing the effectiveness of the nation's conventional forces.

My Government will strive for balanced and verifiable measures of arms control. They strongly support the United States' proposals for the elimination of intermediate range nuclear missiles, and 50 per cent reductions in American and Soviet strategic nuclear weapons.

They will strive for a world-wide ban on chemical weapons. They will seek balanced reductions leading to lower levels of conventional forces throughout Europe and the elimination of disparities which threaten Western security.

My Government will work for greater trust and confidence between East and West and for progress, especially on human rights, at the Vienna review conference on Security and Co-operation in Europe.

My Government will play a leading role in the development of the European Community while safeguarding Britain's essential national interests. They will work for reform of the Common Agricultural Policy.

They will press for strict controls on Community spending *and the opening of the market* in financial and other services. They will work with our European partners to defend our trading interests and to press for freer trade among all nations.

My Government will sustain the fight against international terrorism and trafficking in drugs. They will stand by their pledges to the people of the Falkland Islands, while seeking more normal relations with Argentina. They will fulfil their responsibilities to the people of Hong Kong and will continue to co-operate with the Chinese Government to carry out the Sino-British joint declaration.

They will play their full part in the United Nations and the Commonwealth. They will seek peaceful and lasting solutions to the most difficult international problems, including those of the Middle East and Southern Africa. They will work for the restoration of an independent and non-aligned *Afghanistan.*

My Government will maintain their substantial aid programme. They will pursue proposals for international action on debt to help some of the *poorest countries of sub-Saharan Africa.*

Members of the House of Commons, estimates for the Public Service will be laid before you.

My Lords and members of the House of Commons, my Government will continue to pursue policies *of* sound financial *management designed further* to reduce inflation and to promote enterprise and increased employment.

They will maintain firm control of public expenditure so that it continues *to fall* as a proportion of national income and permits further reductions in the burden of taxation. Legislation will be brought forward shortly to implement the tax *changes* proposed *in the last* Budget but not yet enacted.

My Government will consult the Manpower Services Commission with a view to providing a comprehensive employment service for unemployed people. There will be guaranteed places on the Youth Training Scheme for school leavers under 18 who do not go into employment. Legislation will be introduced to *enable benefit to be withheld* from those who refuse a place.

My Government will take action to raise standards throughout education and to extend parental choice. Legislation will be introduced to provide for a national curriculum for schools, delegation of school budgets and greater autonomy for schools. It will also reform the structure of education in *inner London, give greater* independence to polytechnics and certain other colleges and support the establishment of city technology colleges.

Measures wil lbe brought before you to effect a major reform *of* housing legislation in England and Wales.

The Queen and the Duke of Edinburgh proceed through the Royal Gallery yesterday

In all these policies, my Government will have special regard to the needs of inner cities. Action will be taken to encourage investment and to increase enterprise and employment in those areas.

A bill will be introduced to abolish domestic rates in England and Wales and to make new arrangements for the finance of local government.

Measures will be introduced to promote further competition in the provision of local authorities' services. Legislation will be introduced to enable the water and sewerage functions of the water authorities in England and Wales to be privatised.

My Government remain determined to tackle the problems of crime. They will carry out their plans to increase the resources available to the police, and will establish a national organisation to promote crime prevention. A bill will be introduced to improve the working of criminal justice.

A bill will be introduced to reinforce the system of firm but fair immigration control.

Legislation will be introduced to give greater flexibility in licensing hours.

Legislation will be introduced to improve the rights of individual members with respect to their trade unions and to provide further protection against trade union enforcement of closed shops.

A bill will be introduced to reform the law of copyright and intellectual property.

My Government will maintain and improve the health and social services and will complete the introduction of the reformed social security system.

My Government will continue to support farming. They will help farmers to diversify, and will introduce legislation to encourage the planting of farm woodlands.

Legislation will be introduced to improve the provision of rented housing in Scotland. Measures will be introduced to strengthen schools councils in Scotland and to improve the management of Scottish education.

In Northern Ireland, my Government will seek an agreed basis on which greater responsibility can be devolved to representatives of the people. They will work unremittingly for the defeat of terrorism. They will build upon the constructive relations established with the Republic of Ireland in security and other matters.

Measures will be introduced to assist the merchant shipping industry.

My Government will bring forward legislation to improve the arrangements for legal aid.

Other measures will be laid before you.

My Lords and members of the House of Commons, I pray that the blessing of Almighty God may rest upon your counsels.

Main order of business

COMMONS

Subjects for debate on the Queen's Speech:

TODAY: Foreign affairs.

MONDAY (June 29): Social and economic divisions.

TUESDAY: Deprivation and inequality of opportunities.

WEDNESDAY: Cities, local services and education.

THURSDAY: The use of natural resources.

LORDS

MONDAY: Foreign affairs and defence.

TUESDAY: Home affairs and the environment.

WEDNESDAY: Economic affairs and employment.

Household repairs save £1bn goods

BY MENDING and repairing, Britain's 20m households save nearly £1bn worth of goods from the rubbish bin each year, according to a nationwide Gallup Poll for glue specialists Evo-Stik.

However, most people confess that their skills and techniques still leave something to be desired. More than a third of people questioned said that unsuccessful repairs were due to either the wrong method or technique being used or the wrong repair materials being *chosen.*

Prime Ministerial heart shows little humility

PARLIAMENTARY SKETCH

MRS THATCHER'S post-election *quotation from Kipling* about the need for a "humble and contrite heart" seemed to have been forgotten yesterday as she tore into the opposition during the opening stages of the debate on the Queen's Speech.

In fact the Prime Minister was at her most rampant and seemed to be enjoying herself immensely as she engaged in noisy clashes with Labour leader *Neil Kinnock* and his backbench shocktroops.

Never given to undue modesty she claimed that her programme for the new parliament was "one of the most substantial and radical of recent years."

Moving the loyal address on the speech, Tory backbencher Winston Churchill proudly pointed out that Mrs Thatcher was the first Prime Minister to have won a *third sucessive* term since Lord Liverpool in 1820.

Labour MPs thought this a very appropriate parallel as they saw the policies unveiled by the Prime Minister as a clear throwback to the 19th century of the workhouse and the dark satanic mills.

But on the Tory benches MPs seemed only too happy that the Prime Minister should carry out her pledge to "go on and on" for a fourth term. During the election, said Mr Churchill, certain self-important tele pundits had pontificated that Mrs Thatcher would be standing down during the course of this parliament.

"No, no," protested the Conservative MPs who were shocked at such a suggestion.

However, their fears were quickly put at rest. Mr Churchill pointed out that at the probable time of the next general election in 1991, Mrs Thatcher (who is 61) would still be two years younger than Winston Churchill, his grandfather, when he formed his second administration.

Seconding the motion, Conservative MP Andrew Stewart paid tribute to the Nottinghamshire miners who continued to work during the coal strike. This brought a fraternal cry of "scabs" from Miss Diane Abbott, the leftwinger who is one of the four black Labour MPs to arrive as the result of the election.

Mr Kinnock, in a good old-fashioned tub-thumping performance, seemed to favour the horrific 1930s as the period to which we are being transported by the Thatcher time machine.

With its youth training proposals the Government was now prepared to inflict the kind *of* punishment meted out to males in his own family during the 1930s when they were made to do forced Labour in training camps or lose the dole. It sounded more like Hitler's Germany than Baldwin's Britain.

There was great merriment when Kinnock in full spate was interrupted as the portly Cyril Smith, not noted for regular attendance in the last parliament, ambled slowly into the chamber to take his seat on the Liberal benches.

"I see the honourable member for Rochdale is making his annual visit," observed Mr Kinnock acidly.

Mrs Thatcher was inter*rupted during her speech* by Merseyside MPs inviting her to visit their area to see for herself the deprivations caused by unemployment and the efforts being made to tackle the local problems.

The Prime Minister, who is a great one for quotations these days, replied by citing from the book written by Robert Kilroy-Silk, the *Labour Merseyside MP who* resigned after a prolonged battle with the far left. He believed that the biggest deterrent to job creation in the Liverpool area was the activities of the Militants and their ilk.

Others who intervened were treated to passages from the memoires of Bernard Donoughue (now Lord Donoughue), who was adviser to Labour Prime Minister Harold Wilson and who wrote of the difficulties of getting the Labour Government to face up to the need to cut back on *loss-making* industries.

Mrs Thatcher once again listed the achievements which she claims for her economic policy. She had, however, saved the best news until last.

What, could it really be *that she intended to resign* after all, scoffed Labour cynics? No, she was just returning once again to the fall in the unemployment figures.

It was a very changed House that the Prime Minister was addressing. Mr David Blunkett, the new Labour MP for Sheffield Brightside, made an impressive maiden speech.

Former Tory Cabinet minister Norman Tebbit seemed quite at home on his return to the back benches and made a spirited intervention over immigration *during* the speech by Mr David Steel, the Liberal Leader.

But the man with the megaphone voice, Labour's Andrew Faulds was in his accustomed place roaring at the Tory enemy. He readily agreed with Mr Steel's assertion that the Tories had moved further to the right and were now an even nastier lot.

"Look at 'em. They're living proof of it. A ghastly collection," he bawled.

Some things never change.

John Hunt

Grant aided: First-time MPs Diane Abbott and Bernie Grant get a helping hand from Labour colleague Tony Banks

PARLIAMENT: THE QUEEN'S SPEECH

FINANCE BILL

Tax relief for profit linked pay

THE GOVERNMENT'S plans for tax changes have changed little since its March Budget.

The Finance Bill expected to be presented soon to parliament will consist mainly of clauses dropped from the truncated Finance Act which was rushed through before the General Election.

About half the new clauses cover profit-related pay schemes and a package of measures to *extend freedom of choice in* occupational pensions. But the bill also includes more controversial measures to close alleged tax loopholes for dual resident companies, Lloyd's syndicates and banks' overseas lending.

About 70 clauses of the original 164 in the Finance Bill published in April have been enacted. Many were technical changes but included the cut in income tax to 27p in the pound, a reduced rate of corporation tax for small companies and an increase in the inheritance tax threshold to £90,000.

The Government is expected to aim to secure the passage of the bill through its parliamentary stages in time for the summer recess.

The wording of these resolutions determines the scope of debate and is likely to be tightly constructed. The bill's passage is also likely to be accelerated by taking its committee stage before the whole house.

Mr Nigel Lawson, the Chancellor, confirmed his intention to introduce tax relief for profit-*related* pay in a speech in Edinburgh earlier this week.

The measures will alow private-sector companies to set up profit-related pay schemes and, if approved by the Inland Revenue, the participants will enjoy tax relief.

The bill will introduce a new style of personal pensions and break up the life assurance companies, monopoly to provide pensions to individuals.

To allow for the revised pension structure the bill will have *to set out details of the tax* framework within which personal pensions will operate.

Plans *for changing* the tax treatment of Lloyd's syndicates are expected to survive largely *intact — in spite of opposition* from those affected.

The proposals relate to the "reinsurance to close" mechanism used by syndicates to provide against future claims when *they close their accounts* at the end of the underwriting year.

The Inland Revenue wants to treat Lloyd's syndicate accounts on a par with those of insurance companies. In practice *this would lead to an increase* in syndicates' tax bills.

The Finance Bill is expected to include two new clauses resulting from government policy decisions made since the Budget. This first will allow relief from duty for foreign ships in UK ports on supplies taken on board for use before departure to a destination outside the UK.

The second will introduce legislation to clarify that gains on the disposal of oil licence interests do not qualify for capital gains tax roll over relief.

Ralph Atkins

EDUCATION

Biggest change since Butler

IT SEEMS nothing bar personal accident can now frustrate the ambition of Mr Kenneth Baker, Education Secretary, to go down in history as the initiator of a "great education reform bill."

The measure's advance *publicity as the biggest shake-*up in education since the Butler Act of 1944 is fully justified by the changes proposed in the running of English and Welsh *state-maintained schools, polytech*nics and colleges. The changes include:

● Instituting a national curriculum of basic subjects to be taught in every school. *Check will* be kept on schools' effectiveness in teaching the curriculum by standard tests of pupils' attainments at the ages of seven, 11, 14 and 16, and eventually all school-leavers will be issued with records of their achievements over and above any gained in public examinations.

● Entitling parents and governing bodies of schools with at least 300 pupils to opt out of local authority control. Schools which opted out would be maintained by a direct grant from central Government.

● Removing local education authorities' power to prevent schools which are oversubscribed by parental applications from admitting pupils up *to their full* physical capacity. In addition authorities will be required to allocate funds to schools on the basis of the number of pupils. The fact that oversubscribed establishments will be richer for being popular may help to strengthen their ability to opt to be funded directly by Whitehall.

● Expanding the powers of head teachers and governors to decide how to spend the budget allocated to them by their local authority.

● *Providing for* London's dozen central local councils to run their own school and college services instead of having them provided by the Inner London Education *Authority.*

● Transferring control of the 29 English polytechnics and certain other higher education colleges from the local authority sector to a funding council, including strong representation from industry.

● Continuing the scheme to establish 20 semi-independent city technology colleges, four of which are already under way, with capital from private sources and day-to-day running costs covered by central government grant.

While these plans cover *most of the changes promised* by Mr Baker there are a couple of items noticeably missing from the speech.

One is the Education Secretary's decision to "clarify *the law*" as to which elements of educational activity local autorities must provide free-of-charge and which they can require pupils' families to pay for.

Mr Baker said yesterday that, although local authorities of all political complexions had been charging for such activities for years, arrangements differed widely. His only firm intention was to publish a consultative document outlining present practice and invite comments.

More significant, perhaps, *is the omission of any* reference to the changes in universities foreshadowed *in* the higher education white paper published in April.

All Whitehall would say was while the white paper proposals for universities were still going forward, they were unlikely to be included in Mr Baker's first "great education reform bill."

Michael Dixon

THE INNER CITIES

A rough road ahead

THE Government is in danger of tripping over itself in its drive to improve Britain's inner cities, destroy the power of urban (mainly Labour) councils, and win votes for the Conservatives in the north of England, Wales and Scotland. The administrative arrangements are cumbersome, and several of the bills indicated in the Queen's speech are likely to have a rough ride through Parliament.

". . . In all these policies, my Government will have special regard to the needs of inner cities," according to the Speech. No less than seven departments of state will be involved—Trade & Industry, Environment, Employment, the Home Office, Education, Health & Social Security, and the Welsh Office.

The Prime Minister will chair a group of ministers to manage it all, but several powerful members of her Cabinet have already indicated that they in particular are doing the best of the good work. Lord Young has brought the management of 16 inter-departmental Inner City Task Forces from his old department of Employment to Trade & Industry. They have a budget of some £18m. Their programme operates in highly-concentrated areas such as Handsworth in Birmingham and Moss Side in Manchester. At the Department of the Environment Mr Nicholas Ridley has been shown to be the minister with the heaviest legislative programme—rates reform, wresting housing from *local authorities, management* of the Urban programme, and some half a billion to spend.

Co-ordination of all departments' efforts in Wales falls naturally under Mr Peter Walker. Over at Employment Mr Norman Fowler will be fostering the growth of small firms, and encouraging the spread of self-employment. Mr Kenneth Baker's new City Technology Colleges are seen as part of the inner city strategy put forward through his Department of Education.

The theory behind the strategy is clear. It is that the problems of the inner cities cannot be solved by "throwing money" at them, but rather by fostering self-help and self-reliance—perhaps by promoting the work ethic via the efforts of the Task Forces, or by direct training and employment measures (the proposal to withdraw the dole from 16-18 year olds who do not accept training is part of this), or through better education.

Since this ideology is not compatible with that of many of the Labour councils to be found in inner cities, virtually all of the elements of the strategy either bypass local authority control or override it. The new poll tax is advertised in Whitehall as likely to prevent high-spending local authorities from charging rates that drive businesses out—but many people, including the poor, will be losers and the bill will be fiercely contested in both Houses of Parliament. So the Government cannot expect that the administrative disadvantages of a set of schemes run by a proliferation of Whitehall ministries will be offset by local authority co-ordination on the ground.

It is open to question which is the biggest blow against the power and influence of local councils—the plan to allow disgruntled schools to opt out into independent life under direct Whitehall financing—or the plan to provide much the same liberty for council tenants. The attack on locally-controlled council housing is manifold. Local authority tenants shall *be enabled to transfer to* other landlords—housing associations, perhaps, or local co-operatives. If they do not do so individually they may do so collectively. In some areas new "Housing Action Trusts" would take over the renovation and management of whole estates, or parts of estates, where the Government believes the local authorities have proved incapable of doing the job themselves. Some officials believe that all local council control over estates in England and Wales might cease to exist within a decade.

The new trusts are regarded as an extension of the urban development corporation — in which a single authority can redevelop an area free of the controls and red tape imposed by most councils. But the UDC's have so far been concerned with industry, not housing. The Housing Corporation, which oversees the locally-managed housing associations

The strategy is clear: the problems cannot be solved by 'throwing money' at them, but rather by fostering self-help

might be a better vehicle—and one more able to insist on sympathetic management. The Corporation has pioneered the injection of private money (70 per cent) into Treasury-funded schemes. It is likely to foster the concept of "affordable rents," in which tenants pay more than the highly-subsidised council rents. Against that, the increase in social security payments ("housing benefit") to those who cannot afford the higher rents could well offset any savings in the other pocket.

Although the protection of *the Rent Acts will be main*tained for existing tenants, new private tenants will strike bargains with prospective landlords *free* of the present system of rent controls. "Shortholds" and "Assured Tenancies" will give landlords the prospect of a recovery of their properties, while protecting tenants against harrassment and illegal eviction. This is intended to open up the private rental market. Previous such half-way houses introduced by Conservative administrations have failed to do so, in part because landlords could not be *certain that a future Labour* Government would not reverse the legislation.

Taken as a whole the inner city package is an imaginative set of plans, well-presented, and without question radical. *No* evidence was given in the Queen's Speech that it would be backed up by additional expenditure. It remains to be seen whether seven ministries can move in the same direction —however much the way forward is pointed out by the Prime Minister.

Joe Rogaly

LOCAL AUTHORITIES

Ridley to reintroduce compulsory tendering

THE GOVERNMENT is sticking *to its* pledge to reintroduce *legislation requiring competiti*tive tendering for council services.

It first attempted to introduce compulsory tendering in the Local Government Act, passed by the *last Parliament.* The relevant clauses, however, were shelved in February by Mr Nicholas Ridley, Environment Secretary, because of delays in drafting a Bill on local government finance.

Mr Ridley promised the House that the Government would reintroduce the legislation at the earliest possible date.

The latest Local Government The Bill will seek to require its first draft. Besides extending competitive tendering it will strengthen the law that prohibits local authorities spending ratepayers' money on "political propaganda" and stop authorities inserting political conditions in commercial contracts.

The Bill wil lseek to require compulsory tendering in six areas: refuse collection, street cleaning, catering services, cleaning of buildings and grounds, and vehicle maintenance.

These plans, designed to increase council efficiency, follow suggestion in the Government's consultative paper on local authority services published in February 1985. That report stressed the need to ensure local authorities did not put unnecessary restrictions on private sector tenders.

An increase in competitive tendering will be welcomed by the Audit Commission which monitors local government efficiency. A policy paper published in February said: "All local authorities should be subjected regularly to the test of the market place."

It claimed £500m a year could be saved in housing maintenance, *vehicle management* and refuse collection if all councils became as efficient as the top 20 per cent of local authorities.

The plans are likely to meet *considerable* opposition *from* the local authorities themselves, however.

Yesterday, the Association of County Councils reiterated a joint statement made in November 1986, when compulsory tendering plans were first announced. "We express resolute opposition to being forced to *privatise* services," it said. "Compulsion is wrong in principle and in practice is likely to provide less value for money and less protection for service users."

The Association of Metro-*politan Authorities said* competitive tendering would lead to a decline in services and an increase in administrative costs.

It said: "We argue that *councils should be free to make* the financial decisions as to how their services are provided and should remain accountable to the local electorate for the extent, quality and *cost of these services.*"

The association added that restrictions on conditions in contracts would reduce council's ability to avoid "cowboy" operators.

The measure aimed at preventing the use of ratepayers' money for party political "propaganda" are in line with a recommendation made in July 1986 by the Widdicombe Inquiry into the structure of local government finance. The report found most authorities used their publicity and information power properly but that some did not.

Ralph Atkins

COPYRIGHT REFORM

Bill seeks to restore the balance

GOVERNMENT plans for a major copyright bill to be introduced in the House of Commons in November will be the first comprehensive reform of copyright law in Britain for more than 30 years.

It will seek to restore the balance between creators of new ideas and those who use them, a balance the Government believes has been upset by the widespread use of computers and photocopiers and the *arrival of twin-deck tape re*corders and satellite television.

The twin aims of the bill are to increase intellectual property rights while at the same time reduce the cost and red tape *involved in exercising them.*

The new bill will follow closely the proposals in the April 1986 white paper, Intellectual Property and Innovation.

Inspite of the opposition of the Tape Manufacturers Association, the plan is to impose a 10 per cent levy on blank audio tapes more than 35 minutes long with the money going to copyright owners.

Video cassettes will escape the new levy on the grounds that they are used primarily for "time-shifting" television programmes, record then for programmes, recording them for later viewing, rather than breaching copyright.

The Government is likely, however, to take reserve power to introduce a levy on any recording medium where it believes the interest of copyright owners are being seriously *prejudiced.*

A new 10-year period of protection is to be introduced for functional designs such as spare parts for cars inspite of claims that the measure would threaten jobs in the spare parts industry.

The existing 15-year patent protection for "ornamental" designs will be extended to 25 years.

The legislation will also contain a significant concession for manufacturers of new drugs.

When the period of patent protection for new drugs was extended from 16 to 20 years the pharmaceutical companies had to license their product to competitors for the last four years in return for royalties.

The bill will remove that provision and give drug companies full 20-year protection.

This large and complex piece of legislation will include the *legalisation of the recording of* most television programme by schools in return for a licensing fee; the recognition of copyright for computer software and satellite broadcasting; and the introduction of "moral rights" for authors. Authors will in future have the right to object to distortion of their work.

The Patent Office will become a non-departmental statutory body.

There will also be an increase in competition among those *offering* advice on patents, plus measures to reduce the expense and complexity of patent litigation with small companies particularly in mind.

When he introduced the white paper, Mr Paul Channon, the then Trade and Industry Secretary, said: "The products of the creative mind, although intangible, should be recognised as property which the originator can exploit."

It is a view Lord Young, his successor, would enthusiastically endorse.

Raymond Snoddy

EUROTUNNEL

Half-finished legislation to be revived

THE Channel Tunnel Bill will be revived and continue its legislative passage where it left off at the end of the last parliament.

Its designation as a hybrid bill enables it to straddle the two parliaments. Hybrid bills are neither public nor private bills. They tend to be initiated by private interests —in this instance the tunnel builders—but have a public impact.

Eurotunnel, the Anglo-French consortium responsible for the £5bn projects, expects the bill to get the Royal Assent at the end of next month.

It has been through its second reading and committee stage in the Commons, and is likely to be sent to the Lords standing committee next week.

Eurotunnel hopes to have completed the entire loan package for the project at *the end of July.*

By the end of last year, two equity issues had raise da total of £250m from institutions. A delayed third issue for £750m, known as "equity 3," is now expected in October or November.

A stop-gap £73.5m loan facility from a group of 10 French, British and Belgian banks was signed in Paris last week. This will be repaid out of the proceeds of the autumn £750m equity issue, on which the whole £5bn project depends.

Construction of the tunnel is expected to start at the end of this year and to be completed by May 1993. Plans for the first rail link consist of two 50 km rail tunnels and an access tunnel.

Fiona Thompson

AGRICULTURE POLICY

Farmers urged to diversify for victory

FARMERS will have to accept that a pound earned from leisure facilities on their land is worth the same as a pound earned from milk.

That advice from Mr Michael Jopling, former Agriculture Minister, neatly encapsulates the direction being taken in UK agriculture in the face of the European Community's huge food surpluses. While the UK Government remains determined to work for reform of the Common Agricultural Policy, *it* is simultaneously urging British farmers to find new sources of income.

Mr John MacGregor, Mr *Jopling's* successor, said in Southampton this week it would be kidding farmers to suggest that the EC Council of Ministers could avoid coming to terms with "the harsh realities of agricultural surpluses and overspending.

"Our aim must be agricultural reforms worldwide to bring production and support back to more realistic levels while ensuring a decent standard of living for all in farming," he said.

Legsilation will be introduced over the next few months aimed at helping farmers to switch to alternative crops and to diversify into such areas as timber growing, tourism, rural crafts, sporting facilities, farm shops and processing foods.

The Government, which will allocate a total of £25m a year towards the schemes, hopes to boost farm incomes and create jobs in the countryside, while protecting the environment.

In addition to grants for planting trees, annual payments are planned for farmers who introduce woodland, especially on marginal land previously used to grow surplus crops. Special encouragement will be given for broadleaved trees.

Legislation is expected to be rushed through Parliament so that the first grants for diversification can be paid this year. Money will also be available for farmers to make feasibility studies of alternative land uses.

The Government has already designated several "environmentally sensitive areas" and plans more for next year. These are intended to protect areas of natural beauty from the effects of intensive agriculture.

● The National Farmers Union believes that although no single measure will have much impact, the package could prove beneficial.

The union is aware of the need for changes in farming, including cuts in output, says Mr Martin Haworth, an adviser to the NFU president. After disillusionment with Mr Jopling, it is more optimistic that Mr MacGregor will take agriculture in the right direction at a time when farm incomes are at their lowest levels since the Second World War.

David Blackwell

LICENSING REFORM

Tourist areas expected to applaud change

THE GOVERNMENT'S proposal to allow public houses to open for up to 12 hours a day, except on Sunday, has provoked expressions of concern from medical and temperance organisations.

The intention announced yesterday comes after strong lobbying by Britain's brewers, licensed trade, consumer groups, *tourist* boards and tourist organisations for more flexible opening hours.

A change in the law is expected to be particularly useful in tourist areas, where demand for more flexible eating and drinking is at a premium. Lobbyists also argue that changes could lead to 50,000 new jobs.

Despite attempts at reform, the licensing laws have remained essentially the same since the Licensing Act 1921: nine and a-half hours' opening permitted a day with special hours' licences and extensions also available.

In May this year a major change in licensing laws took place in England and Wales. The enactment of the Licensing (Restaurant Meals) Act 1987 enabled genuine restaurants to serve alcohol with food during the afternoon from 3 pm to 5.30 pm on weekdays and Saturdays, and from 2 pm to 7 pm on Sundays.

In Scotland laws enacted in 1976 allowed greater flexibility, along the lines now being proposed by the Government. Earlier this week Mr Douglas Hurd, Home Secretary, quoted a study by the Office of Census and Population Studies (OCPS) "this showed that the changes had had little impact on problem drinking and that drinking habits had *become more* relaxed."

Mr George Younger, then Secretary of State for Scotland, has said that a preliminary analysis showed that there had been an increase in alcohol consumption in Scotland between 1976 and 1984, but that this appeared not to be a direct consequence of changes in the licensing law.

A more probable cause was a change to a more relaxed attitude towards drinking in general and in particular, towards women's drinking.

However, it is likely that opponents of more flexible drinking hours in England and Wales will critically examine this and other medical research into the Scottish experience.

Consumption of alcohol by women in the UK has gone up in the past decade and could be a focus, along with under-age drinking, of the debate.

The British Medical Association, which is to lobby against any change in the law said the Scottish data was questionable because of legal redefinitions of certain drink related offences *in* Scotland in 1980.

Mr Don Steele, director of Action on Alcohol Abuse, a body set-up by The Conference of Medical Royal Colleges, said the OCPS study was not a scientific one and much more research was needed.

Opponents of changes in the law will also focus on the Government's spending on education about alcohol's health risks. *Critics of the Govern*ment's record point out that it spends a small amount on this compared with the £200m which the drinks' industry spends on advertising.

Brewers expect to increase opening hours — not only increasing alcohol sales but also those of soft drinks and food. Action on Alcohol Abuse suggests that a proportion of the increased profits should be directed towards promoting sensible dringking.

Lisa Wood

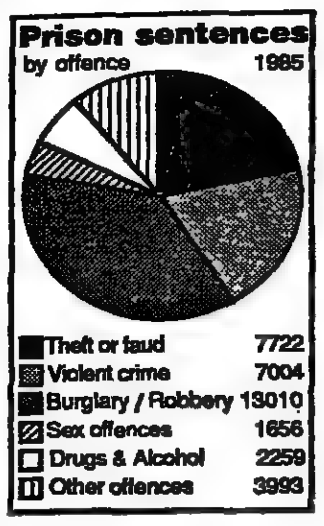
PARLIAMENT: THE QUEEN'S SPEECH

CRIMINAL JUSTICE

A shake-up for court procedure

THERE WILL be no great surprises in the Criminal Justice Bill which the Government is bringing forward, as it will incorporate the provisions of the bill which partly lapsed because of the dissolution. It will aim *primarily at modernisation of* procedure with some changes in sentencing and enforcement powers.

There would be an increase *in maximum penalties for* carrying firearms, for insider dealing and for corruption. A number of minor offences would be reclassified as triable only by magistrates.



The legislation would provide means for referring too-lenient sentences to the Court of Appeal, though this may fall short of a full appeal.

The proposals of the Roskill Committee that rules governing documentary evidence should be relaxed (taking notice of the existence of copiers and facsimile transmission) would be given wider application, not only in fraud cases. Evidence given by live video link would be made admissible in child *abuse cases or where the* witness is abroad.

A modernisation of the UK law on extradition, dispensing with the requirement of showing *a prima facie case where* the *request* comes from a country with a respectable judicial system, would enable the UK *to* sign the European Convention on Extradition. This would make it easier to achieve the return from other European countries of persons wanted in the UK.

The power to order confiscation of the proceeds of crime would be extended from drug trafficking offences to other highly profitable criminal activities. The proposed legislation would for the first time give victims of crime a right to compensation. This would come either from the criminal or from a new Criminal Injuries *Compensation Scheme.*

The courts' power to make compensation orders would be extended and judges would have to give reasons why they were *not making one when* there was an identifiable victim.

Other, already well discussed changes, concern the jury system and rape trials. The right of the defence, to challenge jurors without saying why, would be removed. *Eligibility for jury service* would be raised from 65 to 70 but those over 65 would have the opportunity to decline the invitation.

The anonymity of defendants in rape cases would be removed and that given to the alleged victims enhanced. Customs officers would receive greater powers for dealing with *suspected drug traffickers.*

On the whole, the proposals aim at technical improvements without fundamental changes either in the procedure of *courts* or in the *substantive* law.

They are by themselves unlikely to relieve the overcrowding of courts resulting from the *greater* proportion of prisoners in the population of the UK than in any other country of Western Europe. Nor are the changes likely to change the pattern of too many prison sentences for petty crime and too frequent public outcries against leniency towards violent criminals.

A. H. Hermann

IMMIGRATION

Controls to be tightened further

LEGISLATION TO "reinforce the system of firm but fair immigration control" will *further tighten restrictions on* settlement in Britain in four ways.

The proposed Immigration Bill follows government action *in the last parliament extending* visa controls to the Indian subcontinent, Ghana ad Nigeria, ad making airlines and other carriers liable to a £1,000 charge for any foreign national brought to Britain without proper documentation.

Provisions of the new legislation will:

Overstayers

● Make it easier for authorities to remove people overstaying their right to be in Britain, *however long they have been in* the country unlawfully. Since a High Court judgment in 1982, it has been difficult to require the departure of overstayers remaining in Britain long after their original entry permission has lapsed.

A provision making overstaying a continuing offence was contained in the Criminal Justice Bill which was withdrawn before the General Election. It will now reappear in the Immigration Bill.

● End all rights of appeal in Britain by people without entry clearance who claim British citizenship. Most people claiming to be British citizens with a right to live in the country *already have to* establish their claim abroad.

Appeal rights

However, 18 months ago the Immigration Appeal Tribunal ruled that certain categories of claimant—mainly children—had a right of appeal in the UK. This provision, which has led to 1,700 wives and children being admitted temporarily pending appeal, will end.

● Amend the 1971 Immigration Act so only one wife can be brought to Britain for settlement. The Home Office acknowledges that polygamy is not a common problem, but says it is not acceptable to most people in Britain.

● Change section 1(5) of the 1971 act, which gives men who settled in Britain before January 1 1973, an absolute right to bring wives and children to the country. The European Court of Human Rights has held that the provision is sexually discriminatory, and the Government says it complicates controls.

Mr Douglas Hurd, Home Secretary, said last month there was a strong argument for change.

Change in rules

Immigration to Britain has fallen substantially from 80,000 people in 1976 to 70,000 in 1980 and 47,000 in 1986. Last year's large decrease resulted from new immigration rules introduced in August, 1985, and part of the effect will be temporary.

During the first quarter of this year 10,800 people were accepted for settlement. The number accepted in the 12 months to March 31 1987, was 45,700—8,600 fewer than in the corresponding 12 months in 1985-86.

Action was started against 570 alleged illegal immigrants in the first quarter of this year—the highest figure for any recent quarter. This brought the total for the year to March 1987, to 1,700 compared with 1,260 in the previous 12 months. A total of 1,160 people was removed as illegal immigrants or departed voluntarily in the year to March, 1987.

Alan Pike

RATES REFORM

A possible election loser

REFORM OF the rating system in England and Wales will pre*sent the Government with* its first major test in the new Parliament. Unease is growing among Conservative MPs that the 150-clause bill will be a political minefield.

The proposals—a radical package aimed at ending the turmoil over local government finance—are:

● Abolition of domestic rates and their replacement, from 1990, by a community charge, or poll tax, payable by all adults over 18.

● Introduction of a national *business rate set by Whitehall* and linked to the level of inflation, which will then be distributed to local authorities on a population basis.

● Simplification of the system of government grants to local authorities.

The legislation will be fought by the opposition with the same ferocity as that displayed in attacking a similar bill for Scotland, passed by Parliament shortly before the election. Some Conservatives suspect that *the party's dismal performance* in Scotland was partly due to the proposed switch from rates.

They would prefer to see how the system works in Scotland, after April 1989, before pressing ahead in England and Wales. The fear is that such controversial piece of legislation could have a disasterous impact on the party if introduced around the *time* of the next general election.

The Government's prime purpose in introducing the community charge is to ensure that more people pay for local services, so making councils more accountable for their spending policies. At present no more than a third of householders pay full rates and in Liverpool the proportion is less than 20 per cent.

The community charge is expected to range from about £200 to more than £600 per adult, depending on the local authority area. Total exemptions will be extremely rare.

There will be rebates for those on low incomes, although *they will have to pay a minimum* of 20 per cent of the full charge. A standard charge will apply to domestic property, such as second homes, where no one lives permanently.

The problem for the Government in selling its proposals is that it is not yet clear how people will be affected. Some *independent research, like that* done by the Chartered Institute of Public Finance and Accountancy (Cipfa), shows that a wide range of people would pay appreciably more under the *new proposals* than they now pay in domestic rates.

Cipfa believes that as safety nets—introduced to make sure that no rises are too steep—*disappear, local* tax bills will rise in some parts of inner London to at least £650 a head, fall in outer London possibly to less than £200, rise in the metropolitan areas and fall in non-metropolitan areas.

People living in properties with low rateable values could face substantial increases, *whereas* those in expensive properties may well pay less. A rich single person living in a large, highly rated house would pay considerably less than a family of four adults living in a council house.

A big problem in London is that the Inner London Education Authority precept is so high that each adult could be liable to a charge of £311 over and above the local authority charge.

A more widespread difficulty will be the cost of collection. Whatever the drawbacks, domestic rates are cheap to bring in. With the introduction of a community charge, a separate list of adults will have to be kept by each authority, creating a new bureaucracy. (The electoral role will not be used, to avoid deterring people from registering to vote.) A modest estimate is that costs will be at least twice as high as for the rating system.

On business rates, the Government's view is that businesses in the north and in most *parts of London will pay lower* rates. Companies in the West Midlands and the rest of the south-east will pay more.

Cipfa points out that estimates are difficult to make because a revaluation of commercial property is scheduled to coincide with the introduction of the uniform business rate. But it believes that central shops on *prime sites* in the south-east and south-west will face the biggest increases, while industrial and warehouse premises in the north-east and north-west *should see* substantial reductions.

Ironically, the Government has found that because the rating system has been so unfair, any attempt to replace it with a more broadly based system is likely to produce more losers than winners. And losers always make the most noise.

Richard Evans

WATER PRIVATISATION

Authorities given time to prepare

LEGISLATION to privatise water authorities in England and Wales, potentially the most controversial part of the Government's privatisation programme, is unlikely to be introduced into Parliament until the next session.

A short preparatory or paving bill will be published around the end of the year, however.

This will have two purposes: to clarify the legal position of the water authorities, allowing them to spend money on consultants and *studies* before flotation, and to permit domestic metering trials on a compulsory basis.

In the meantime, the row over *the flotation of* the 10 authorities will continues.

The Department of the Environment is about to open negotiations with the industry's leaders over the Government's proposal, made without consultation just before the election, to introduce a National Rivers Authority.

This would take over all regulatory and river management functions, essentially leaving just the clean water and sewage functions of the authorities to be privatised.

The idea is regarded with deep suspicion within the industry as it would seem to end the system of control based on the integrated river basin.

A consultative paper is to be published by the Government next month.

Also remaining to be decided is the form privatisation will take.

Many industry chiefs, including Mr Gordon Jones, chairman of the Water Authorities Association and of Yorkshire Water, want all 10 to be floated at the same time, but Mr Roy Watts, chairman of Thames, the biggest and most profitable authority, wants to go first and not be held back by the least attractive.

The paving bill was made necessary by union protests last year over the legality of Thames spending money on privatisation before the required legislative steps had been taken.

Legislation is also necessary to enable widespread compulsory tests to be undertaken on domestic *m/tering* in different parts of the country.

Metering is the favoured future method of charging should the present system based on rateable value, be suspended by the proposed community charge as a replacement for rates.

Richard Evans

EMPLOYMENT

Benefit moves to have far-reaching effect

THE GOVERNMENT will introduce far-reaching changes to the way school leavers and the unemployed look for jobs and claim benefits.

Up to 100,000 jobless young people under 18 years old will lose their right to supplementary benefit if they *refuse* a place on the Youth Training Scheme (YTS).

The Government also intends to transfer the running of job centres, which advertise vacancies, from the Manpower Services Commission (MSC) to the Department of Employment. This will allow for the managerial reintegration of the offices which pay unemployment benefit with the job centres and allow officials to monitor more closely whether claimants are available and looking for work.

The Government regards both measures as an important way of ensuring that those without work do not lose touch with the jobs market.

Critics, such as the trade unions and many voluntary organisations, say both moves presage the development of a workfare system, under which benefits would only be paid if an unemployed *person proved* they were taking steps to find work.

The controversial changes to young people's benefit entitlements represent a radical break with the welfare system established after the Second World War.

Mr Norman Fowler, the Employment Secretary, believes *that the Government's guarantee* of a YTS place to all school-leavers means there is no justification for most of the:n to claim benefits.

Those with special needs, such as disabled people, and some youngsters waiting to start a course or a job, might be paid a temporary allowance. It is understod, however, that the Government *does not* plan to introduce a six-month job search allowance of the kind recently introduced in Australia, for all those young people not on the training scheme.

The change will certainly acect the 30,000 school leavers who do not go on to YTS, further education or into work. It could also affect many of the 70,000 youngsters who take up a place on YTS but then drop out. Already 50,000 unemployed school leavers do not claim benefit.

YTS has enough spare capacity to accommodate an influx of school leavers anxious not to lose their benefits. The scheme has about 450,000 places, but only about 350,000 young people enter it each year.

The plan to transfer responsibility for job centres to the Department of Employment will take the employment service back to its pre-1973 structure. The move could lead to a significant cut in registered unemployment, by allowing officials to check whether benefit claimants are available and searching for work.

The Employment and Training Act 1973, which established the MSC, separated jobs advice from benefit payments. This separation has been associated with a dramatic fall in the number of people refused benefits because they are not looking for work, according to research published by the London School of Economics.

Unemployment benefit offices and job centres are already working together on the Restart counselling programme introduced last year. Long-term unemployed people who refuse Restart counselling are automatically refused benefits. A significant proportion of those interviewed are transferred from unemployment benefit to other welfare payments and are taken off the official unemployment total.

Mr Fowler will write to the MSC next wek to consult it formally on the plans, which may include measures going beyond the activities of job centres. The Conservative election manifesto said the MSC would become primarily a training organisation, implying that the Department of Employment will also take direct responsibility for the Community Programme, which provides temporary work for 245,000 long-term unemployed a year, and the Enterprise Allowance Scheme, which helps 110,000 unemployed people each year to set up their own businesses.

The Government's package, coming after the introduction of the Job Training Scheme on which trainees are paid an allowance worth little more than their benefits, will be seen by the trade unions as a determined push towards a workfare system.

Combined with Government propc~ls to double the number of employers on the commission which oversees the MSC's programmes, it becomes more likely that the unions will withdraw from the MSC's decision-making process.

Charles Leadbeater

The plan to transfer responsibility for job centres to the Department of Employment takes the service back to its pre-1973 structure. The move could lead to a significant cut in the unemployment figures

LEGAL AID

The springboard for several far-reaching changes

LEGISLATION to transfer the administration of legal aid from the Law Society to an indepen*dent board will follow closely* the proposals outlined in the White Paper on legal aid, published in March.

The legal profession and organisations involved in providing legal services are reconciled to the establishment of the board. But, in a letter to the Lord Chancellor published yesterday, they urge that it should be independent of the Government, including in respect of staff appointments, and that the legal profession, trade unions, consumer bodies and welfare organisations should be represented on it.

This may not be in harmony with the Government's intention to use the board as a springboard for far-reaching changes in the method of providing legal advice and assistance. These changes, intended in the first place to bring about a more economical use of the £400m budget, may well sow the seeds *for changes in the expectations* of clients who are not legally aided and ultimately lead to a reduction of thei rlegal costs.

Such a result may come particularly from the introduction of "fixed" fees instead of time *fees in civil legal aid—following* the method already introduced the criminal work of *barristers.*

The Government wil also seek powers to enable the board to transfer the provision of legal assistance and advice from solicitors and barristers to advice agencies, where these have greater expertise than solicitors.

All solicitors' and barristers' fees for legal aid work would be set by the Lord Chancellor and those clients paying contributions would continue to pay them beyond the present limit of 12 months.

The non-aided opponents of legally aided litigants would be enabled to voice their objections against the granting of legal aid. There would be no legal aid for the making of wills or for conveyancing.

The Government has turned down proposals for extending *legal assistance should not be* required.

A. H. Hermann

TRADE UNIONS

Measures in line with green paper

PROPOSALS FOR further trade union and industrial relations reform in the Queen's Speech are no surprise—but they will be *opposed* no less vociferously by the trade unions for that.

The measures are exactly in line with those proposed last February in a green paper entitled Trade Unions and their Members.

Principally, there are six main elements:

● Allowing members to restrain their unions from calling strikes *without* a majority support in a secret ballot.

● Preventing unions from disciplining their members if they decide to go to work even *after a lawful* ballot for a strike.

● Protecting union funds by requiring union trustees not to spend union money in contravention of court orders.

● Removing the remaining legal support for the closed shop by making dismissal for non-union membership always unfair, and by removing immunity for industrial action to establish or maintain a closed shop.

● Requiring all union executive committee members, whether elected or appointed, *to be directly elected* in secret, independently supervised postal ballots—with the same provision applying to union political funds.

Mr Norman Fowler, Employment Secretary, confirmed yesterday this requirement meant many more trade unions officers, at levels below general secretary, would have to be elected.

● Establishing a commissioner for trade union affairs, who would provide support for union members to bring action in the courts against *their unions to obtain* their rights under the law.

To enact these, the Government intends to bring forward in October or November a bill. It decided a white paper was unnecessary given how "white" the green paper was and the fresh mandate of the election.

Following the green paper's publication, union leaders were cool in their reaction to its proposals, arguing they were an irrelevance with the Government tilting at a target of no importance to the problems of the economy.

Following Labour's third election defeat, that argument will do no longer. Union leaders may still believe it, but to no avail. Mr Fowler made it clear to the TUC before yesterday's Queen's Speech that the Government would press ahead.

Mr Norman Willis, TUC general secretary, said yesterday, that "the Government's *determination to press on* with further union disruption and harassment is rash and unjustified. Even employers' groups have condemned their proposals."

But the Government will not be swayed—not even from the point on disciplining union members, which has drawn support from very few quarters of industry. Mr Fowler is not ruling out further union legislation if necessary, though none is planned.

So the Government proposes, and the TUC opposes. What makes Mr Fowler sanguine is recent poll findings showing 88 per cent of union members in favour of the Government's latest proposals, including 80 per cent of Labour supporters. Ministers therefore can ride out formal union opposition and go into the forthcoming bill's parliamentary passage with confidence.

Philip Bassett

SHIPPING

'Dad's navy' to run up its colours

THE GOVERNMENT is to attempt to tackle some of the problems arising from the rapid decline in the British merchant fleet over the past decade, with a proposed Merchant Shipping Bill.

A Merchant Navy Reserve, a "dad's" navy" of former seafarers, is to be *formed* by the Government to provide a pool of experienced manpower for use on British merchant ships in time of emergency, including war.

The Government is also to provide financial assistance towards the cost of training seafarers and towards the cost of *flying out and repatriating relief* crews for British ships operating in distant waters.

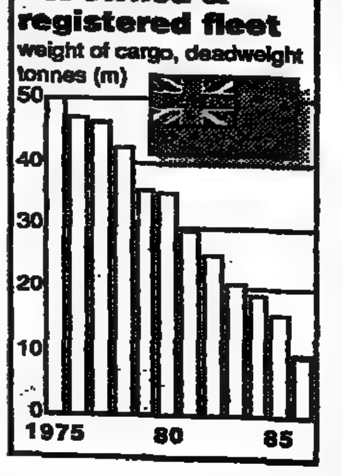
Another provision of a bill to be laid before the House in October is a long-delayed proposal to amend the law on ship registration, with the aim of applying common safety standards to British ships sailing under the flags of British overseas dependent territories.

The Bill will also put the General Lighthouse Fund, which supports British lighthouses, on a more business-like basis by providing borrowing powers and making other administrative changes.

The Merchant Navy Reserve is designed to enhance the readiness of the British merchant fleet to meet possible future defence needs. In the Falklands conflict in 1982, a total of 51 British merchant vessels were requisitioned by an order for military use.

The requisition order defined British ships as those on the British register. The total number of British owned and registered merchant ships fell by 70 per cent from 1,614 ships in 1975 to 496 ships last year.

The Government is concerned that a substantial number of additional ships is owned by British shipping companies but is operated under foreign flags, which have lower crew costs than British-registered vessels. The Government wants to have available a pool of experienced seafarers who could be brought in to crew these and other vessels so they could be used by the Royal Navy for supply, transport and other uses.



The Reserve will also attempt to reverse the rapid decline in the number of seafarers being trained in Britain. The General Council of British Shipping said 1,823 sea cadets were recruited in 1978, compared with 656 cadets in 1981 and 102 last year. The total number of cadets under training in 1981 was 5,300 and this fell to 700 cadets last year.

In 1978, a total of 1,745 ratings were recruited from training schools, but this has fallen to an annual rate of 250 this year.

The only Government funding received for the training of *merchant* navy crews is the £325,000 a-year support from the Department of Education and Science for the National Sea Training School, Gravesend. The shipping industry provides the same amount each year. Officer training is supported at polytechnics and other colleges in the same way as other higher education students.

Lynton McLain

Electronic eye on a sea of people

David Dodwell explains how Hong Kong has streamlined its overworked immigration system

THOSE fearsome black tomes pored over by Hong Kong's immigration officers as they leaf *suspiciously* through visitors' travel-battered passports will soon be a thing of the past.

That is not to say that the *infamous "stop lists"*—the black-bound compendiums of all those people sought by Hong Kong's police or tax authorities for crimes ranging from fraud to *non-payment* of tax—have been abandoned. Instead the operation has been fully computerised.

From the beginning of May, Hong Kong switched on one of the world's most sophisticated computerised immigration systems yet to come into operation. First to be affected were travellers to Macao, most of them gamblers in the Portuguese territory's dog-eared casinos.

The big move will be on August 1, when terminals on the 88 immigration channels at the Lowu border crossing with mainland China are brought on stream. Almost 19m people passed through Lowu last year. During peak times, trains carrying 1,500 people at a time arrive at 12 minute intervals.

Immigration staff at Lowu say *the new computers* will enable them to trim from 30 seconds to 20 seconds the time it takes to handle the immigration formalities of each traveller. That *may seem a modest* improvement, but when staff have to handle 128,000 travellers a day during the Easter and Chinese New Year peaks, senior officers say it will make the *difference* between nervous breakdowns, and no nervous breakdowns.

The new computer system is being advertised rather glibly as the "Easy Travel Scheme." However, over the three years of planning that has taken place in the Immigration Department's headquarters at *the* Mirror Tower in the heart of Kowloon, it has been known more ominously as "Traices"—the Travel Record and Immigration Control Enforcement System.

It will be June 1988 before computers are turned on at Hong Kong's busy Kaitak Airport. Even then, full use of the *HK$90m (US$11.5m) computer* system will not be possible until more foreign passports are computer readable.

Main beneficiaries of computerised immigration control will be Hong Kong residents—or more specifically, carriers of Hong Kong identity cards. Permanent Hong Kong residents can now travel to Macao with nothing but their ID cards, and have no forms to fill in. From August, travel to China will be just as simple, though travel overseas will require, in addition, the use of normal travel documents.

Since over 70 per cent of the 43.5m people passing through *Hong Kong's border checkpoints* last year were Hong Kong residents, they have inevitably been given priority over foreign travellers.

"ACCORDING TO THIS YOU'VE GOT A MOLE ON THE INSIDE OF YOUR LEFT THIGH AND YOU'RE HIGHLY COMPUTER ILLITERATE, MR SPECKHAM."

Foreign passport holders will still have to complete arrival forms, and will have their passports examined manually. But the "stop-list" check to find out whether a particular traveller is persona non grata in Hong Kong will be carried out on the computer screen.

The system is understood to be one of the most comprehensive in Asia ,and is expected to reduce significantly the long queues that have for years been an unglamorous hallmark of visiting Hong Kong.

In Singapore, a limited computer system handles travellers across the causeway into Malaysia. In Japan and Taiwan, foreign travellers are checked through immigration by computer, while in South Korea, computers are used as an aid *for detecting people on the* country's "watch list."

The Hong Kong Government has yet to confirm plans to introduce computerised "readers" that will *process* computer-readable passports. The new system's IBM 4381 Group 12 mainframe computer has the capacity to process such passports, *but immigration* officials are not yet certain that enough countries plan to intrduce computer-readable passports for such an investment to be worthwhile.

The US, Australian and British Governments are among those to have introduced computer-readable passports on an experimental *basis*, but only when such passports are widely and routinely used will the full capabilities of Hong Kong's immigration computer be used.

Over 1,800 immigration staff have to be trained to operate the new computer terminals (there will be almost 450 terminals in total) and it is for them that computerisation will mean the most.

As Lee Man-Chee, an assistant principal immigration officer who has worked on the computer project since 1984, notes with obvious satisfaction: "That great black book will be banished for ever."

This will lighten the load of every officer as he or she arrives for duty, but may reduce their ability to wage psychological warfare with visitors slouching wearily in the arrivals queue at the end of one 15-hour flight or another. No doubt new computerised methods of waging war will quickly be found.

Shearson Lehman plugs into City flexibility

BY GEOFFREY CHARLISH

IN THE UK, Shearson Lehman, the financial consultancy, *is wiring up all eight* floors of its new City of London headquarters building for mains supplies using the Elektrak floor access system.

Some five miles of power track will be installed and power outlets can be sited anywhere along a run of track under the floor. The advantage is that offices can be *completely re-arranged with* no electrical contracting work. Elektrak says it has taken two men eight weeks to deal with the first six floors and claims this is about the same time it would take to wire one floor conventionally.

An Indian summer for US glass

BY PETER MARSH

THE INDIAN Government is to finance a new plant to produce solar panels, using an innovative method in which solar cells are turned out continuously on glass plates.

The Bangalore plant, costing about $5m, will be capable of making 100,000 panels a year, each measuring 1 ft square. In use, each plate will produce five watts of energy.

The facility, to be operated by Bharat Heavy Electricals, is to be built in Wheat Ridge, Colorado, by Glasstech Solar, a US company which has come up with a new technique to make solar cells based on amorphous silicon.

In Glasstech's method, silicon is deposited as a plasma on glass sheets which travel continuously through the plant. Most techniques for making solar cells, in contrast turn out panels on substrates of substances such as steel, in discrete batches. US companies which make silicon solar cells by such methods include Energy Conversion Devices. Chronar, Solarex and Arco Solar.

Glasstech, which was started in 1984 and has 45 employees, says its method lends itself to automated techniques and cheaper cell production. Once the plant has been finished in Colorado, it will be taken apart and shipped to India, where production is due to start in about two years.

Edited by Geoffrey Charlish

French lend a soft touch to factory control

FRENCH SOFTWARE company 3IP of Paris has developed computer-aided design programs which, used on an IBM personal computer, allow control systems to be developed.

The programs mean several stages of design can be undertaken. For example, a control system can be described and visualised *in terms of flow diagrams, after* which its working modes can be analysed. Other software allows the whole system (an automated production line *for example*), to be simulated, while further programs enable more conventional tools like relay ladder diagrams to be used on screen.

Coming up on the enemy's blind side

ATTACK AIRCRAFT can approach targets at low levels, without the need for airborne ground-following radar, using a new system from Ferranti Defence Systems in the UK.

An attacking aircraft always goes in at low levels in order to get under the enemy radar and avoid detection. But it has to know whether *there are hills or buildings* ahead and will normally carry a radar that looks at the approaching terrain. Unfortunately, signals from this radar *are likely to alert* the enemy to the incoming aeroplane.

The Ferranti system, called Penetrate, has a memory in which three dimensional details of the ground ahead are held. Used in conjunction with a radio altimeter and inertial navigation system (which emit no detectable signals), this "solid map" allows the attack to be pressed home without detection.

Smart move by Californian chips

CATALYST SEMICONDUCTOR Inc (CSI), the two-year-old Californian company which specialises in the design of semiconductor chips for smart cards, is making its products available in the UK through Microlog of Woking.

One of the components is an eight bit microprocessor with 16,000 bits (2,000 characters) of electrically erasable, programmable read-only memory (EEPROM). The advantage of this type of memory is that the information stored on the card can be altered when the card is plugged into a reader and connected to a computer.

In the US, CSI has already won contracts with Smart Card International (SCI) for the EEPROM chips. SCI is a major proponent of the smart card in America and has supplied cards for hospital medical record applications.

In the UK, Microlog is trying to interest the banking and financial community in general by emphasising the operational flexibility of cards with EEPROM chips. For example at any time the holder can change his personal identity number. Or, if fraudulent use is suspected, the card can be invalidated from the bank's system computer the next time it is plugged in.

Smart cards, pioneered by the French, have been slow to catch on in the UK and US, where the banks remain wedded to magnetic-stripe cards. But CSI believes that fraud reduction alone would *justify the cost of cards with* chips in them.

Networked order to NHS supplies

ISTEL THE UK information technology company reports that its Edict trading network service is gaining more support with the country's National Health Service.

The aim of Edict is to cut out paper transactions between the geographically separated parts of an organisation or between companies and their customers or suppliers.

In the NHS, two of the Wessex Health Authority's supplies divisions are now electronically exchanging live invoices, orders and texts between themselves and supplying companies Johnson and Johnson, Kodak and Cyanamid.

One advantage is that the time between ordering and receiving purchased items can be reduced from up to two weeks *to three or four* days. The commercial manager of Southampton and South West Hampshire Health Authority, Mr Peter Wells, sees a potential *saving in* inventory of £13m if only a third of the NHS's supplies are dealt with in this way.

Recently, both Trent and Northwest Thames regional authorities have agreed to use the service.

Sun expands on the CAD/CAE front

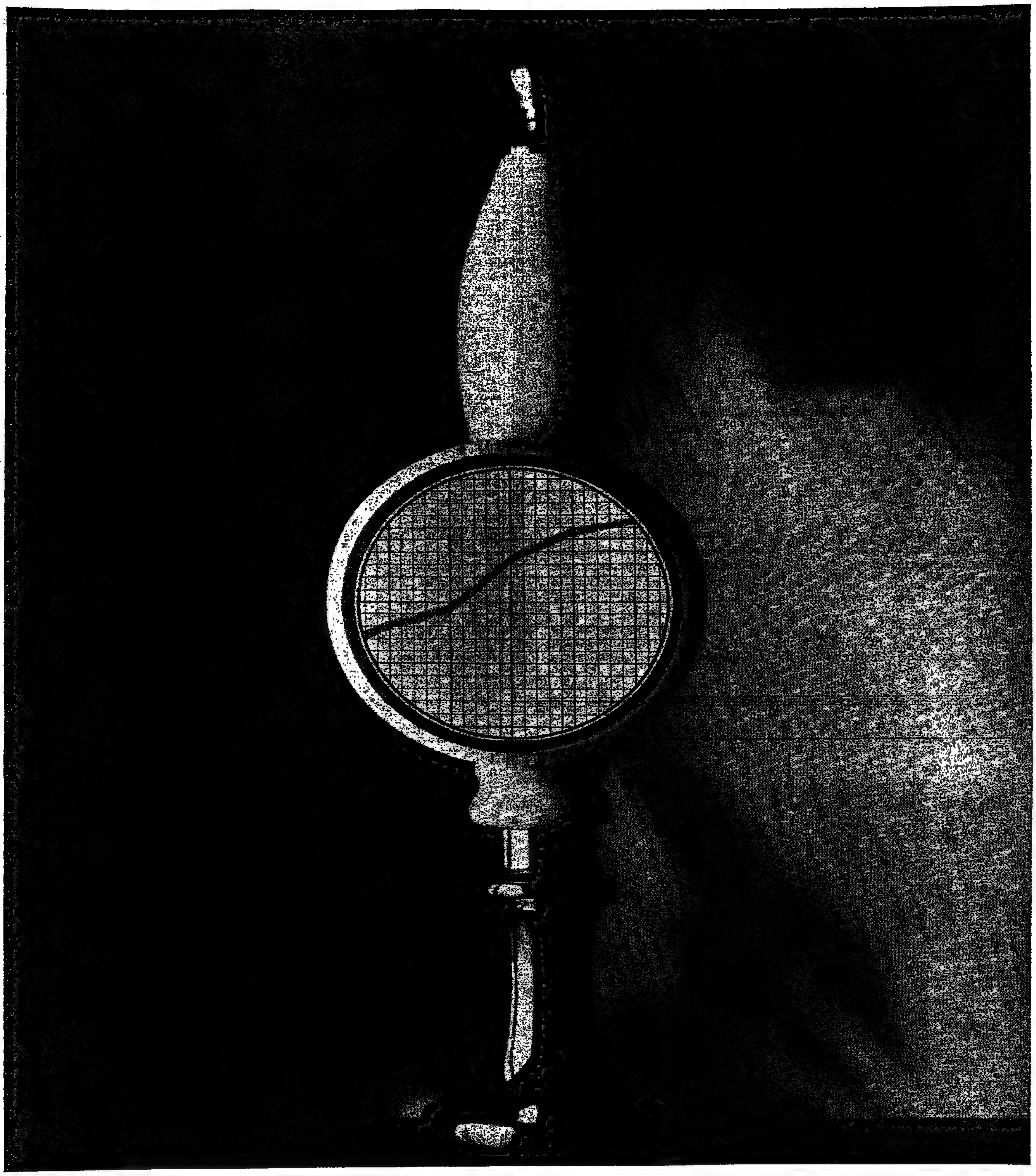
SUN MICROSYSTEMS, the major US workstation manufacturer of Mountain View, California, has recently struck two deals with computer-aided design and engineering (CAD/CAE) companies.

One is with Racal Redac, *the leading* UK writer of CAD software for designing electronic circuits. This company's popular Visula CAD software (1,200 systems sold) will be offered for use on Sun workstations. As a result, Racal Redac expects to land between $15m and $20m in software sales to Sun workstation users over the next two years.

Sun's other deal is with Valid Logic Systems, another Californian CAD/CAE company. Valid will be offering complete systems for electronic design using Sun workstations and will purchase at *least $10m worth of them* over the next 18 months.

CONTACTS:

Catalyst Semiconductor: US, (408) 980 9144. Microlog: UK, 04862 29551. 3IP: Paris, 4526 7500. Ferranti Defence Systems: UK, 031 332 2411. Racal Redac: UK, 0684 294161. Valid UK, 0753 820101. Electrak: London, 403 6106. Istel: UK, 0527 64274.



SWEDISH MINING

Sara Webb on the Swedish compressor group's recent takeover

Atlas Copco tools up for the US

FOR ATLAS COPCO, the Swedish mining, construction, and industrial equipment manufacturer, the US is back in favour.

After its earlier failure to achieve a strong position in North America, and the more recent toll taken on its balance sheet because of the dollar's fall, Atlas Copco decided that it was time to make a strategic acquisition in the US market.

Mr Tom Wachtmeister, group chief executive, believes that he has taken the right step towards strengthening the group's US position since Atlas Copco recently signed a final agreement to buy part of Chicago Pneumatic from Danaher Corporation for $85.5m.

The part of Chicago Pneumatic which interests Atlas Copco is the tools and equipment section, which accounts for roughly one-third of its operations. Danaher Corp, which only took over Chicago Pneumatic in mid-1986, is left with the automotive service and repair operations.

The acquisition was intended to geographically complement Atlas Copco's tools division, which makes equipment such as hand-held power tools and assembly systems for the manufacturing industry.

Tools and the Monsun-Tison division—which markets mobile control sytems and industrial automation — comprise the newly-formed industrial group within Atlas Copco, providing a more powerful base for expansion in the industrial automation business area.

The tools division is by no means the largest in the Atlas Copco group. It only accounts for 10 per cent of sales—or $150m last year—compared with the air power division which makes compressors and accounts for half the group sales and profits, and the MCT (mining and construction technology) division which accounts for a further 35 per cent of sales.

Nevertheless, the acquisition of part of Chicago Pneumatic will double the tool division's turnover and turn it into one of the world's leading pneumatic power tool companies.

"We have been looking for an acquistion to make the tools division stronger. We decided we needed a 20 per cent share of the world market and of the US market in order to be strong," says Mr Michael Treschow, head of the tools division.

Tom Wachtmeister: primary task to make a quick turnround

Mr Wachtmeister makes no bones about the fact that Chicago Pneumatic's chief attraction is its market share in the US and Canada and extensive distribution system. As Mr Wachtmeister puts it: "Our experience in the US is that it is very difficult for a foreigr company to enter the market."

He concedes that the company needs to be aggressive if it is to succeed in increasing market share, especially in the US where Atlas Copco has only 5 per cent of the tool market, compared with Ingersoll-Rand, Atlas Copco's most important competitor in the US, and Chicago Pneumatic which each had 20 per cent. Atlas Copco will keep the Chicago Pneumatic name and its current president, Mr Jess Ball.

Atlas Copco's home market is Europe, which last year accounted for 54 per cent of the group's total sales of SKr 10.35bn ($162m), while the US accounted for 12 per cent, South America 10 per cent, South-East Asia 8 per cent, and Australia 4 per cent.

Two-thirds of the tools division sales are in Europe, and only 11 per cent in the US. Last year, invoiced sales for tools rose by 14.5 per cent, helped by substantial orders from the West European automotive industry. However, the market for power tools has been weak and Atlas Copco found demand in the US hit by lower manufacturing productivity and reduced competitiveness. Analysts expect demand in North America to weaken further chiefly because of lower levels of investment in the car industry.

The tools division has been put back on its feet after making only small profits in the early 1980s and last year showed profit after financial items of SKr 108m. With a 23 per cent return on capital employed, Mr Treschow says they felt fit enough to start making acquisitions.

What Chicago Pneumatic offers is a strong position in the US and a well-developed distribution system. The US accounts for 80 per cent of its sales and it has a strong presence in Mexico, as well as subsidiaries in Italy, France, Belgium, West Germany, Switzerland, the UK, Australia, South Africa, Japan and India.

Atlas Copco had to pay fairly dearly for the acquisition. "It was not a bargain, but then it has a strong name and strong assets," said Mr Treschow. "After this, we don't plan to make further acquisitions for the tools division."

The primary task, he says, is "to make a quick turnround out of a cost situation." Chicago Pneumatic is expected to lower the return on capital employed from 23 per cent to 18 per cent.

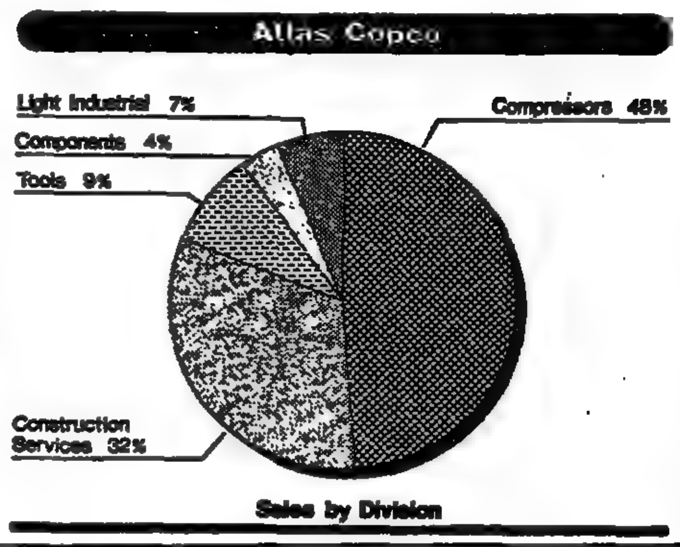
The company has produced weak results. Last year, the part which Atlas Copco acquired had a turnover of $160m, split between tools ($120m), systems ($20m) and spare parts and components ($20m). Pre-tax profits were about $2m but Atlas Copco hopes to raise it to the group's profit level within five years, for example by restructuring and investing in new machinery. Already, there are plans to close the Swiss plant.

> ❛It is very difficult for a foreign company to enter the US market❜

Atlas Copco itself faced problems in the early 1980s because of the collapse of its main markets — mining and construction. The group underwent drastic restructuring with plant closures, redundancies, and changes in management, and has made a strong comeback.

Last year, profits after financial items reached SKr 730m on sales of SKr 10.5bn, although Mr Wachtmeister says that more than SKr 200m was wiped off the profits due to unfavourable currency movements. Analysts expects results for 1987 to be virtually unchanged.

The group compounded its earlier troubles with what it admits were unwise and expensive US mining industry acquisitions when the US represented 30 per cent of the world market —and then the market slumped. However, Mr Wachtmeister says: "This time we have chosen another field in the US and we believe the timing is right."



THE PROPERTY MARKET By PAUL CHEESERIGHT

What the Ohbayashi deal means outside the City

OHBAYASHI has unwittingly posed a question. When it closed the deal to buy the Financial Times headquarters in the City of London for £143m cash from Pearson, the price it paid looked, indeed it was, colossal. So does it matter outside the City?

"It was the most massive punt I've ever seen," comments one City merchant banker.

"It is so much out of the realms of reality as far as we are concerned as to be worthy only of wonder," says Mr Tom Marshall, a partner at W. H. Robinson, the Manchester surveyors.

The move works like this. Ohbayashi, a Japanese construction group, pays the money, waits to obtain planning permission for redevelopment, spends another £40m or so and could have the building ready for a tenant by, say, 1991. But that tenant would have to pay £70 or more a square foot to give Ohbayashi a yield of around 3 per cent.

So Ohbayashi is assuming that City rents will continue to rise from around £40-£50 a square foot now, and that there will not be an office glut of sufficient proportions to prevent that higher figure being paid.

Now to the other world of Manchester. In the city, space is being occupied for £8.50 a square foot. Rents have risen from £5.50 a square foot in the last 18 months. But, and here is the catch in comparison with London, "what is missing is *any significant impact of new* tenants," as Mr Marshall puts it. And, he suggests the position is the same in cities like Birmingham and Bristol.

There is, then, a huge disparity in prices and expectations. Despite the interest in Edinburgh of Kumagai Gumi the Japanese construction company which so far has had the deepest UK involvement, it is difficult to imagine a Japanese punt on the Ohbayashi scale outside London.

But it is not only the Japanese who stick to London. The indifference of the foreign banks, institutions and companies to property investment and dealing outside London is well established. "Outside central London the range of foreign banks willing to offer loans drops sharply," comments Debenham Tewson and Chinnocks in its recent study of bank property lending.

What is happening is that foreign players in the UK property game are just following the pattern established by the UK investing institutions. "The basic thing we're suffering," says Mr Marshall of the Manchester market, "is the retreat of the property investing institutions."

The higher site prices are *pushed in London, the more* acute the north-south divide is likely to become.

That raises the question: will that divide become less acute?

The answer is: certainly not. without a sustained and heavy revival of investing interest in the regions. Even if it did come, some years would have to pass before the effects were clearly visible.

The election result may also be relevant. It is intriguing to speculate whether Ohbayashi would have paid so heavily if the Conservative majority had been smaller. The election result was greeted with enthusiasm in the property sector.

The reasoning behind the enthusiasm boils down to intangibles like confidence, a feeling that there will be stability and that the economy will grow taking property along with it.

Hence Paribas Quilter Securities comments: "The property sector looks set for a period of outperformance as investors become aware of the large increases in the value of investment portfolios and scale of development programmes."

Or Richard Ellis, the surveyors: "The stability and prosperity of the economic outlook, coupled with the supply and demand situation within the *market itself, have not previously* existed together in the modern property market."

Mr Marshall observes that "if the basic position is that what is good for the economy is good for property it's good for property anywhere."

Relating local optimism to the internationalisation of the *investment markets, Richard* Ellis notes the re-rating of the world stock markets, the likelihood of more modest returns and concludes that this would make property investment more attractive. "We can expect to see increasing international interest in UK property."

Ohbayashi, of course, would be part of that process. "Increasing interest in UK property, both from domestic and international investors is likely to flow through to the whole of the market," Richard Ellis suggests.

In that sense, Ohbayashi's deal is significant because it adds another wave to the flood of money shortly to cover the property sector. The difficulty is that it is not clear when the flood will start.

Surveyors have been suggesting for some months that institutions, in the interests of balanced portfolios, should start moving back into property. But this has not been to much avail although there was some increase in investment in the last quarter of 1986. The pension funds especially remain aloof.

Overall, says the Investment *Property Databank, "both* insurance companies and pension funds cut their involvement in property in 1986." in real terms the level of investment represented the lowest commitment by the institutions to property since they started serious investment in the early 1970s.

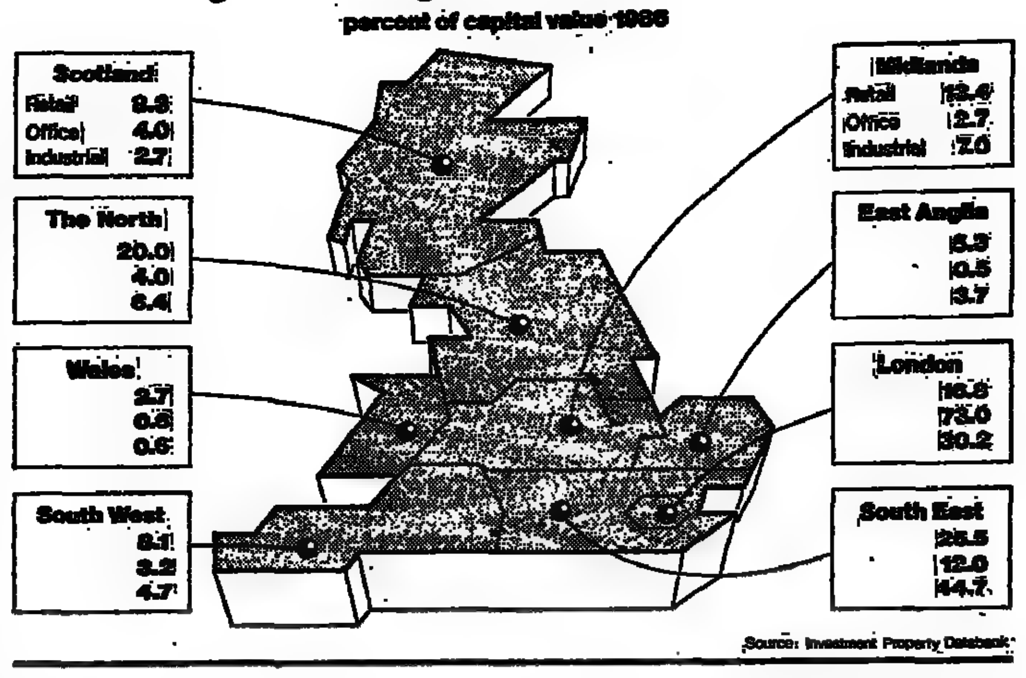
The Government as it adds *to the array of incentives for* innner city investment, is seeking to change that. But, even allowing for the concentration of the institutions on the equity market, there is a problem.

The institutions are not interested, it appears, in property investment, except for shopping, unless there is economic development in the area where the investment is to be made, but there will not be economic development unless the investment is made.

For the Government there is a weaning process—weaning the institutions out of London and the south-east, the geographical areas which account by value for 67 per cent of institutional property holdings.

It could be, of course that by pushing up prices in London, Ohbayashi and the Japanese investors will force the institutions to look for other areas to put their money.

Regional holdings of institutional property
percent of capital value 1986



Source: Investment Property Databank

The divide within and without London

THE CAUSE of central London's fascination for the property investing institutions is not far to seek. In its latest analysis of institutional portfolios, Investment Property Databank says that central London "in particular is seeing capital values of commercial property pushed up sharply at the same time as rents are rising."

This it saw as a growing north-south divide. But in London outside the central area, last year's performance was similar to that of the poorer regions.

Over the last six years, IPD says: "Regional differences in total return have not been pronounced. Indeed they fall in a relatively narrow band between the lowest rate of 7.2 per cent per annum average growth in Scotland and 10.3 per cent in East Anglia. London provides both the best regional performance (11.7 per cent) in the City and the worst (6 per cent) in the rest of London, excluding the West End."

Seen against the background of Government hopes for a more even geographical spread of economic activity, the institutions have been highly selective in their industrial property purchases. Last year 64 per cent were in the south-east and a further 23 per cent were in outer London. Most were within two miles of a motorway junction.

International Property

Company Notices

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' DIVIDENDS

The following final dividends have been declared or passed in respect of financial year ending 30 June 1987

Companies	Dividend Number	RSA Cents per share
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited Registration Number 01.00251.06	104	1000
Elsburg Gold Mining Company Limited Registration Number 65.10726.06	—	Nil
Western Areas Gold Mining Company Limited Registration Number 59.03209.06	—	Nil

Last date for registration	10 July 1987
Registers close (dates inclusive) from	11 July 1987
to	17 July 1987
Currency conversion date (for payments from London)	20 July 1987
Date of payment	31 July 1987

These dividends are payable subject to the customary conditions which may be inspected at or obtained from the companies' Johannesburg office or from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

Holders of share warrants to bearer issued by The Randfontein Estates Gold Mining Company, Witwatersrand, Limited should attend to the terms of a notice to be published by the London Secretaries late in July 1987.

Shareholders were advised in an announcement published on 5 June 1987, that the Randfontein and Western Areas mines had been affected by labour disruptions during the past six months. It is largely due to these *disruptions that Western Areas has had to pass its final dividend for the* current year and that Randfontein has been unable to increase its final dividend.

Negotiations with the National Union of Mineworkers relating to the two companies' retrenchment programmes have recently been concluded and it is hoped that normal levels of productivity will soon be restored.

However, Randfontein shareholders should be aware that if the trend towards lower grades from underground continues, then at current gold prices the company is unlikely to maintain the current level of dividends for the coming year.

By order of the Boards
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: D. J. Barrett

Head Office and Registered Office:
Consolidated Building
Fox and Harrison Streets
Johannesburg 2001
P.O. Box 590, Johannesburg 2000

25 June 1987

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V. FRF 900.000.000 GUARANTEED FLOATING RATE NOTES DUE 1997

For the three months, June 15, 1987 to September 14, 1987, the rate of interest has been fixed at 8,65% P.A.

The interest due on September 15, 1987 against coupon nr 2 will be for the denominations of FRF 10.000, FRF 221,06 and for the denominations of FRF 100.000, FRF 2210,56 and has been computed on the actual number of days elapsed (92) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

OFFICIAL NOTICE

The loss has been reported to us of the following Coffee Warrants:

Numbers
511133 511134 511368 515027 515026
515028 515029 517990 521003 521076
521310 523310 523850 523851 523852
523853 523860 524414 519795 523461
523463 523464 523465 523466 523467
523490 523491 523492

Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against delivery of the goods or the issue of duplicate Warrants.

C. STEINWEG,
Willemskade 20,
Rotterdam 2,
Netherlands.

Clubs

Art Galleries

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
26	27	28	29	30	1	2

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, *finished and unfinished*, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too *low for one who lived in a more ostentatious age*, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

Burlington House, Picadilly: The Summer Exhibition of the Royal Academy has come round again, for the 219th time. Over 1,300 works have been chosen, nearly 300 fewer than last year, from an open submission of over 13,000 – paintings in all media, *prints*, drawings, *sculpture* and architectural design. For all its variety and quirkishness, the exhibition is strongly professional: the amateur work which once made it notorious has been more rigorously excluded in recent years and is now all but gone. With their privileged entry of six works apiece, the Academicians and Associates set the standard and the tone. With so big a show as this the visitor must follow his own taste and judgment and work *quite hard to see everything* properly, but such involvement brings its own rewards, from the work of Elizabeth Blackadder, Olwyn Bowey or Gus Cummins to that of Gillian Ayres, Joe Tilson or John Bellany. (Daily until August 23).

PARIS

French Masters of the 19th and 20th century: From Toulouse-Lautrec's Moulin de la Galette to a rare Gauguin with *a landscape of Brittany* seen through a luxuriant prism of colours; from a powerful flower composition by Nicolas de Stael to Cezanne's protrait of Madame Cezanne, from a pastel coloured Picasso still life to the most frequently reproduced Degas dancer, the traditional spring exhibition at the Schmitt Gallery can boast not only an exceptionally long list of great names of the period it covers but exceptional quality as well. Galerie Schmit, 396 Rue Saint-Honoré (4260 3636). Closed Sundays and lunch times. Ends July 18.

WEST GERMANY

Stuttgart, Staatsgalerie: British art in the 20th century organised by the Royal Academy of Arts. The work, covering 1910-70 is not well known in Germany. The extensive display of 250 pictures and sculptures from 70 artists includes works by Henry Moore, Ben Nicholson, Francis Bacon and Anthony Caro. It should help to revise the prejudice that British art is provincial and has not been represented in the avant garde. Ends Aug 9.

Kassel: Museum Fridericianum Orangerie: *Documenta 8 'World exhibition* of contemporary arts': paintings sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenburger prsents the works of 150 artists, and for the first time open air sculptures which will be erected in *Kassel's city centre. Artists exhibiting* include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid, Eric Fischl, Leon Golub, Robert Longo and Joseph Beuys. There is also a separate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

ITALY

Venice: *Ca Pesaro: American Art in* the 60s from the Ludwig Museum in Cologne: Works by 25 artists, from Liechtenstein to Rauschenberg, Oldenburg, Rosenquist, Warhol, Lewitt, Dine, Stella, Noland and Paolazzi. Ends Aug 2.

Milan: Carlo Carra: (1881-1966) the first *retrospective in Carra's* home-city since 1963, concentrates on the works from the years between the wars, but includes his early futurist and metaphysical paintings, and the notable Funeral of the Anarchist, Galli of 1911, lent by the New York Museum of Modern Art. Ends June 28.

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organiser, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

Rome: Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) 'Le Stanze Della Memoria': views of interiors, portraits and conversation pieces from the Praz collection. The catalogue is almost more delectable than the exhibition itself: the delicate oils and watercolours get lost in *the austere spaces of the gallery*. The nostalgic title refers to a period (1776-1870) when the aristocracy of Europe were united as never before or since, a period for which Mario Praz, angiophile, literary critic, and Professor of English Literature at the University of Rome, had a passion. He recreated with accuracy and affection the atmosphere at his "Casa Della Vita." Palazzo Ricci in Via Giulia. Praz's passion for empie style began when still a child and he was *still buying new pieces at the* age of 85, a year before he died. It is said that it proved impossible to buy Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 6.

SPAIN

Barcelona, Fundacio Caixa de Pensions: Inicis d'Una Collection. Ends June 30.

Madrid, Centro de Arte Reina Sofia, Santa Isabel 52 Raumbilder: 5 German sculptors in Madrid. Ends June 22. Also: American Dreams. 116 photographs by 35 photographers from 1880. Ends July 6.

Madrid, Cy Twombly, American artist living in Rome since 1957 exhibits his Conjuntio Oppositorium: 43 paintings on cloth, 68 on canvas and 20 sculptures dated 1952-86. Palacio de Velazquez and Palacio de Cristal at the Betiro Park. Ends July 30.

Madrid, masterpieces of the Duchess of Alba collection, Spain's best private collection offers a thorough view of Spain's history enriched within centuries by family legacies from the 16th century to the 20th. Sculptures, engravings and paintings include Titian, Rubens, Ribera, Rembrandt, Mengs, Goya, Renoir, Beinllure. Centro Cultural la Caixa, Serrano 60. Ends Jun 30.

Madrid, Fernando Botero. Colombian painter whose imaginative world is a poetic distortion of reality. 100 works on loan by private collectors, museums and artist's funds. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 6.

Madrid, Rubens, copier of Titian. Peter Paul Rubens had a first sight of Titian's Hapsburg collection at the Escorial Monastery in 1603, producing many copies. In his 1628-29 trip Rubens had more time to copy these and other masterpieces. Prado Museum in collaboration with Stockholm Museum. Prado Museum, Paseo Del Prado. Ends June 30.

Madrid, 'Treasures of Madrid's Private Collections'. 50 paintings, dating XVth c. up to Goya's time, include Berruguete, El Greco, Murillo, Zurbaran, Guardi, Velazquez, Goya, Rubens, Brueghel, Mengs. Only some of the pieces declared as existing after 1986 tax exemption on fine arts, and a chance of seeing paintings unknown to the public. Real Academia de Bellas Artes de San Franando, Alcala 13. Ends June 30.

NEW YORK

Museum of Modern Art: Berlinart 1961-87: An international assortment of 55 artists who worked in Berlin over the past 25 years includes David Hockney, Malcolm Morley and Georg Baselitz. Ends Sept 8.

Guggenheim: The first retrospective of Joan Miro since his death in 1983 includes more than 150 pieces, including paintings objects, collages, ceramics and works on paper that explore the artist's experimental media, methods and primitive inspirations. Ends Aug 23.

Metropolitan Museum: 48 key Impressionist and Post-Impressionist works from the Courtauld Collection tour America, including works by Cézanne, Manet, Renoir, Seurat and Gauguin. Ends June 21.

IBM Gallery: 96 paintings of pre-modern Viennese art from the second half of the nineteenth century includes works by Klimt, Romako and Makart; and 120 drawings show proposed and actual Washington government buildings. Ends July 11.

CHICAGO

Art Institute: 16th century Turkish art that flourished under "The Lawgiver" Sultan Suleyman is displayed in 210 objects including illustrated manuscripts, inlaid woodwork, rugs and the imperial wardrobe. Ends Sept 6.

WASHINGTON

National Gallery: 81 Italian master drawings by Leonardo, Michelangelo and Raphael among others travel for the first time from the Royal Collection in Windsor for this exhibit. Ends July 26.

TOKYO

Kandinsky: 180 works on loan from collections at museums in Munich, Paris, Moscow and New York. National Museum of Modern Art, Kitanomaru, near Takebashi Station. Ends Aug 9. Closed Mondays.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: the largest and most *complicated of* all Strauss's operas, Die Frau ohne Schatten, returns to Covent Garden after a sizeable interval. Gwyneth *Jones in the* title role, Ruth Falcon (Empress), Helga Dernesch (Nurse), Robert Schunk (Emperor) and Siegmund Nimagern are all new to their roles here; Christoph von Dohnanyi conducts. Further performances of the Bohème and Barbiere revivals; last of the dull, unstylish new Manon.

English National Opera, *Coliseum: final* two performances of the season: Lady Macbeth of Mtsensk, one of the company's most dazzling achievements, and the tacky rubbish-dump Carmen with Jean Rigby and Arthur Davies.

Coliseum, St Martin's Lane: The National Ballet of Canada opens for a season on Tuesday with a performance of Glen Tetley's Alice.

Queen Elizabeth Hall, South Bank: The London Contemporary Dance Theatre opens a week's season on Tuesday with a triple bill.

WEST GERMANY

Berlin, Deutsche Oper: Madame Butterfly is conducted by Guiseppe Sinopoli and stars Catherine Malfitano, *Kaja Borris*, Peter Dvorsky and Ludwig Baumann. Natalia Troitskaya sings the title role in Tosca, with Placido Domingo as Cavaradossi. Sabine Hass, Ute Vinzing, Anny Schlemm and Hans Beirer take the lead in Elekta, and Luca Ronconi's production of Macbeth returns with Renato Bruson, Julia Varady, Sharon Sweet and James Morris.

Cologne, Opera: Andreas Chenier stars Vladimir Popov, Wassilio Janulake, Gelina Savova and Eva Tamassi. Harald *Stamm, Randall Outland* and Machiko Obata sing in The Magic Flute, and Teresa Ringholz, Andrea Andonian, Claudio Nicolai and *Alberto Rinaldi* in *Die Hochzeit* des Figaro.

Stuttgart, württembergisches Staatstheater: Karan Armstrong, Reinhild *Runkel*, Toni Krämer and Roland Bracht star in Die Frau ohne Schatten. Gian Carlo del Monaco's production of Der Liebestrank has Lucia Aliberti and Bernd Weikl starring. Die lustigen Weiber von Windsor is also in the repertory.

SPAIN

Madrid, Gounod's 'Romeo et Juliette' features Alfredo Kraus in the lead in a production of Teatro Regio, Parma. Musical Director Alain Guingal, stage and costumes by Giuseppe de Tomasi. Teatro de la Zarzuela, Jovellanos 4. (Tue)

Barcelona, opera season ends with Pacini's most successful opera 'Saffo' with Spanish top soprano Montserrat Caballe and Juan Pons in title roles. Orchestra conducted by Manfred Ranin. Gran Teatre del Liceu, San Pablo 1. (Tue).

NETHERLANDS

Amsterdam, Muziektheater: The choir and orchestra of the Teatro Communale di *Bologna conducted by Fulvio* Angius and Thomas Fulton in Puccini's La Rondine directed by Pierluigi Samaritani (Tue). The National Ballett *with Serenade (Balanchine/* Tchaikovsky) and To Bend or To Break (Van Dantzig/Meijering) (Wed, Thur) (255 455).

Amsterdam, Stadtsschouwburg: The Belgian National Opera Company in *Mozart's La Finta Giardiniera* directed by Karl-Ernst and Ursel Herrmann and conducted by Sylvain Cambreling, with soloists Elzieta Szmytka and Marek Torzewski (Tue) (242 311).

Amsterdam, Doelenzaal (Kloveniersburgwal 87). Krisztina de Chatel's Dance Group with Staunch (Mon, Tue). (239 112).

ITALY

Milan, Teatro *alla Scala: deluxe production* of Mozart's Marriage of Figaro conducted by Riccardo Muti and directed by Giorgio Strehler, *with scenery* by Ezio Frigerio and costumes by Franca Squarciapino. Cast includes Ann Murray, Patricia Pace, Milena Pauli, Samuel Ramey and Giorgio Surjan. (Sat, Tues). (80 91 26).

Rome, Terme di Caracalla: Rome Opera opens its 50th open-air summer season with a new production of Verdi's Aida by Sylvano Bussotti conducted by Julius Rudel (Wed). (46 17 55).

Naples, Teatro San Carlo: Season closes *here with Filippo Crevelli's* production of Tosca, designed by Nicola Benois with costumes by Giorgio Metelli, and conducted by Giuanluigi Gelmetti. The cast includes Carlo Beblett, Lando Bartolini and Silvano Carroli (Sat). (79 72 412).

Florence, (50th Maggio Musicale): Teatro Comunale: first performance in Italy of two ballets: 'New Sleep' and 'Day' to music by Tom Willems, Dance by the Frankfurt State Opera's ballet Company. Also in the programme, 'Skinny' to music by William Forsythe, director and choreographer of the company (Sun, Tues). (27 79 236).

Florence, Giardino di *Boboli:* Purcell's The Fairy Queen directed by Luca Ronconi and conducted by Roger Norrington with choreography by *Kay Lawrence and scenery and costumes* by Luciano Damiani (Wed, Thur) (27 79 236).

Genoa, Teatro Margherita: Verdi's La *Traviata conducted by* Daniel Oren in Jean-Pierre Ponnelle's production with Fiamma Izzo d'Amico alternating with Mirian Gauci as Violetta (Sun, Tues, Wed). (589 329).

Venice, Teatro la Fenice: Jose Antonio's ballet 'The Three-Cornered Hat' danced by the National Ballet of Spain, with scenery and costumes based on designs by Picasso. (Fri, Sat). (71 01 61).

NEW YORK

Metropolitan Opera: The 21st season of free park concerts concludes with the first performances in New Jersey. Tosca with Marilyn Zschau and George Fortune plays two nights at Waterloo Village, Stanhope (Mon, Tue).

WASHINGTON

Wolf Trap: New York City Opera performs La Traviata (Tue, Thur), Tosca (Wed). Vienna, Va (703 255 1868).

Spoleto: (30th Festival of Two Worlds) Teatro Nuovo: The Stuttgart Ballet *in a dance version of Tennessee* Williams' 'A Streetcar Named Desire' by John Neumeier (Fri, Sat, Sun, Wed). Wagner's Parsifal, sung in *German, conducted by Spiros* Argiris and directed by Gian Carlo Menotti (Tue, Thur).

Teatro Caio Melisso: Montezuma – three-act *opera* by Carl Heinrich Graun, with libretto by Frederick the Great (Fri, Sun, Wed). (Box Office: 40 265) (Rome: 6796 664).

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

Macbeth (Barbican): Jonathan Pryce *is a wolfish*, blood-curdling Macbeth in Adrian Noble's exciting production for the RSC. It plays in repertoire with Jeremy Irons' inconclusively *wimpish Richard II* and a rough and tumble modern-dress Romeo and Juliet. Best in the RSC's Barbican Pit is Janet McTeer leading a fine ensemble *in Worlds Apart* by Cuban playwright Jose Triana.

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own *failings*. (221–1211).

All My Sons (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur *Miller's post-war* moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Elliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilar*ious original* between high-kicking and gaudy chorus numbers. (757 2626).

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THE ARTS

Cinema/Nigel Andrews

A beguiling collection of shaggy-dog stories

Radio Days directed by Woody Allen
Evil Dead 2 directed by Sam Raimi
The Secret Of My Success directed by Herbert Ross
The Boy Who Could Fly directed by Nick Castle

David Warrilow and Mia Farrow in "Radio Days"

Nostalgia is the only ailment no patient ever seeks a cure for. "Return home pain" in its literal Greek meaning, it is as sweet as it is painful, and when Woody Allen succumbs to it in a movie like *Radio Days* we all gather round like seraphic idiots and willingly catch it off him. The film is a string of bitter-sweet anecdotes about growing up in Rockaway Beach, N.Y., in the 1940s when wireless was king. Many of us do not go back as far as those "*radio days*", *and many of us* have never been to Rockaway Beach. But nostalgia is no respector of details. It is a generic illness. You can catch it from a tone of voice or phrase of music, from a sepia-elegaic image or from the very *mention of the world* "childhood."

We all enjoy nostalgia, but the question is: is it good for us? And is it good for art? *Radio Days* is a beguiling but dismayingly whimsical collection of shaggy-dog sketches, shuttling between Manhattan and Rockaway as Allen's 11-year-old alter ego Joe (Seth Green) recalls—with Allen's own voice-over—the world of family squabbles and foibles, boyhood dreams and radio-showbiz gossip. One moment we are in Joe's *cosy-frumpy* seaside home, bursting with oddball relatives: from Julie Kavner and Michael Tucker as ever-quarrelling Mum and Dad to Josh Mostel's fat, fish-mad Uncle and Dianne Wiest's spinster Aunt ever spinning dreams of Mr Right. The next moment we are in madly gay Manhattan, pursuing the public lives and private peccadilloes of the stars of the airwaves.

Allen is no slouch at using homages to great directors as *a planting stake for his own* artistic growth. We had Bergman in *Interiors* and Fellini in *Stardust Memories*. It is Fellini again here, as both the *tenderly caricatured picture of* family life and the make-believe big city settings (a nightclub rooftop glittering with false-perspective vistas) *make Radio Days* seems like an acolyte's *Amarcord*.

But where Fellini's film grows on acquaintance, Allen's shrinks. The radio celebrities (some invented, some modelled from life) are a curiously unpiquant lot, their stories of fame, love or scandal linked by the career of Mia Farrow as a squeaky sexpot who rises from nightclub cigarette girl to actress-socialite with pretensions. And back home the eccentric relatives would surely have been rejected by Fellini as not eccentric enough: whether it is Joe's parents, who *are hardly funny after their* first appearance competing for parental jurisdiction ("I'll hit him," "No, I'll hit him") or Wiest's maiden aunt whose *sequence of failed dates and* trysts provides a wonderful actress with distressingly one-note material.

Allen has gone on record, more than once as the years pass, as saying that his main aim is not to be funny. The trouble is that he is only truly original when he *is* funny. Anyone (almost) can do a Bergman or Fellini pastiche. Anyone can beam us into ninety minutes of scrapbook nostalgia. But no other film-maker in the world could come up with a joyously funny scene like the first and best in *Radio Days*. A pair of burglars robbing a house get a surprise call from a TV game show, *Guess That Tune*; they proceed to guess the tune and win the jackpot. The truckful *of gifts arrives next day to flab*berghast the newly returned owners, who are still counting their domestic losses. A scene like this is Allen at his best *marrying* the sublime to the ridiculous as no one else in modern cinema can.

★

Sam Raimi's *Evil Dead 2* is a horror film of glorious inventiveness: a spoof on the visceral school of shocker that, like its predecessor from the same director, should be subtitled "A Night To Dismember." The bygone video nasty furore, *during which The Evil Dead* was famously tried and acquitted, is made to seem serenely absurd *in the light of a work like this.* It exorcises the limb-lopping tendencies of the 1980s splatter movie by extending them into a realm of transcendent Gothic farce. Even the six-year-olds who were once supposed to be having nationwide birthday *parties in front of the VCR*—those terrible times for Britain when outcast parents could only watch helplessly through the windows at the guttering candles or flickering screen—would surely see the funny side of Raimi's film. Here the human anatomy becomes an ingenious construct of make-up and make-believe, as easy to take apart and put together again as a *Lego kit (with free sachets of* tomato ketchup).

Deep in the woods left over from *Evil Dead 1*, another band of beleagured youngsters are holed up in a log cabin fighting demonic intruders. Their chance possession of the famed "Necronomicon"—or Book of the Dead—causes nasty corpses to rise from the cellar, bite off legs, arms or hands, mutate into monsters and generally read the riot act to a gradually decimated cast.

Of course, once killed, almost *every character comes back for* an encore. For the great comfort of horror films is that you may be dead but you most certainly do not lie down. There are headless ghouls, chainsaws rampant, flying eyeballs, and even the censor is now begin*ning to see the uproarious side* of all this. *Evil Dead 2* enters the cinemas without protest or controversy, carrying an "18" certificate.

★

The Secret Of My Success follows hot on the Gucci'd heels *of Nothing In Common*, another comedy of yuppy manners. Michael J. Fox (of *Back To The* Future) is a Kansas farmer's son who comes to the big city to make his fortune. Getting a mailroom job in his uncle's multi-national conglomerate, he decides to masquerade simultaneously as an executive and takes over an empty office, an assumed name and startling talents as a quick-change artist. One moment he is in messenger boy's jeans, the next *in young* exec's suit and tie, and the breathless metamorphoses are the stuff of classic farce.

Well, in theory they are. But as directed by Herbert Ross, the film leaps about for two hours with all the grace of a pregnant gazelle, keeping us in our seats *with little more than the pro*mise of some eventual delivery. It never comes. And when the climactic scenes start to invoke *The Marriage Of Figaro* — with sexual imbroglio and mistaken identity in a mansion, and a copy of the opera score lying around to nudge us—the only decent response would be to rush out and sedate Wolfgang Amadeus before he can spin in his sepulchre.

★

Young upwardly-mobile professionals could not get more upwardly mobile than the hero of *The Boy Who Could Fly.* Small-town teenager Eric (Jay *Underwood*) has a talent *for* doing exactly that, to the dawning astonishment of the girl nextdoor (*Lucy Deakins*) who falls in love with him and, finally, flies with him. Faintly sidy, frequently winsome, but with a few moments of ambushing charm. Nick Castle wrote and directed.

★

The greatest movie personality who ever flew without wings was Fred Astaire. The lamented hoofer, who died this week, devoured many of my weekend afternoons as a child, when the BBC seemed endlessly to re-run *Top Hat, Swing Time, Shall We Dance* and the rest. (Escapist Astaire came into his own in rationing-ridden Britain just as he had first triumphed in Depression America). Small-screen life seemed during daylight to consist exclusively of this human stick insect in tie and tails imitating a blur of motion, while the lady at his side hung on for dear life knowing it was curtains if she was ever spun off.

Fred Astaire was mankind's answer to a speeding train, a centrifuge on a soufflé: his gift was evanescence — he never slowed down long enough for one to hold him, touch him or consume his airy magic. He also sang peerlessly, with a lilting featherlight croon which likewise attained the heights of insubstantiality. Now he has vanished for real, leaving a gap in nature — and in grace, style and physical wit on the screen —that will most certainly never be filled.

Harold Pinter/Young Vic

Michael Coveney

A glossily presented double bill of early Pinter plays has surfaced, incongruously, at the Young Vic from the English-speaking theatre in Vienna. An old Pinter hand, Barry Foster, plays Edward in the 1959 radio *play A Slight Ache. This is* preceded by Simon Williams and Judy Buxton giving simpering, stilted performances as the charade-playing married couple in *The Lover*, a far superior item first seen on television in 1963.

Both plays have been done on the stage before, but not in this combination, as far as I know. *The Lover* is a cunningly inflected play in which a suburban marriage is spiced up with erotic games-playing. Richards *departs for the office only to* return as his own wife's gum-chewing leather-clad lover. Sarah, in turn, discards her Laura Ashley dress for a clingy pink miniskirt, and battle is joined with bongoes and touch-ups under the table.

A Slight Ache, on the other hand, opens with comic dialogue worthy of Pinter's best revue sketches and degenerates into a cumbersome symbolic parable of a leisurely writer hounded in his country house den by a sinister matchseller who could be either an angel of death or a parody of an Ibsenite eccentric. The matchseller, who never speaks, is adopted by Edward's wife and offered a bath and various home comforts while Edward, driven to hallucinatory gibberish about his past life and a three-masted schooner denting the horizon, falls cataleptically among his own furniture and is presented with the matchseller's tray and *post of unattended sentry* at the gate.

This piece really shows its age and Kevin Billington's production does little to rejuvenate it with its tone of obsequious reverence and un*derpowered playing* by Jill Johnson of the socially aggressive Flora. Mr Foster almost compensates with a polished display of enticing a mouldering fly into his den, a tactic heavily prefigured in the distracted trapping of a summer wasp in the marmalade jar.

The sleekness of John Hallé's designs reflect the heartlessness of these revivals. The Venetian blinds of the kinky lovers in their blue lagoon are at one with the tinny sound of the *performance. Judy Buxton is* a sexy siren, but her sound is manufactured, just as Simon Williams emits a sort of faded matinée idol aroma. The moment of brutal truth, when the rules are transgressed by a physically wounding remark, survives intact; *this lament for* fat women in the face of Sarah's insistent boniness comes across still as one of the author's finest and funniest passages.

Alastair Muir

Judy Buxton and Simon Williams in "The Lover"

Iphigénie en Aulide/Spitalfields Festival

Max Loppert

This great opera was last given in London (at St Pancras) in 1964 and in Britain (at Bristol) in 1966. Plainly, it was not only the present writer who was experiencing desperate cravings to hear it again: for the concert performance of Gluck's first Parisian opera (1774) that on Wednesday closed this year's Spitalfields Festival every one of Christ Church's back-aching seats had been sold well in advance. *Why* is *Iphigénie en Aulide* so neglected? Is it simply a question of names, of public confusion over two Gluck operas with a single titular heroine placed in two different antique locations, Aulis and Tauris?

Whatever the reason, the success of the occasion could be measured by the points it solidly proved — that such neglect is of the most abject absurdity; and that (for all the pleasures of encountering such an intelligently cast and sung performance of the piece in the concert hall) it properly belongs in the theatre. This, I would venture, is perhaps the most exciting of all Gluck's operas, not just "viable" but capable of unleashing a tremendous dramatic punch. With it he introduced himself to the final sphere of his operatic activities, Paris. In it he dynamited the old high French lyric art form (which prior to his first Paris engagement he studied with extreme care).

Other Gluck operas have a larger share of memorable *melodies*, most subtle depiction of emotional conflict, more rapturous love music. In *Iphigénie en Aulide* the intention to make music-theatre on the grandest scale is naked from the outset. The connected short sequences of airs, ensembles and choruses in which the long lines of the acts are framed carry a fierce charge of energy; classically Gluckian streaks of simple colour may be fewer than in the later Paris operas (and, for that reason, such moments as the oboe weaving around Agamemnon's "cri plaintif de la nature" are *all the more* affecting), but the main roles are almost all equal in importance and interest, and the kinds of dramatic variety drawn from solo and choral voices help to supply an almost unbroken momentum.

Clytemnestra, Agamemnon, and the younger Iphigenia are without doubt three of the most detailed, sharply worked portraits in the great Gluck operatic gallery. Certainly, in Wednesday's performance the two women provided the highlights: Eiddwen Harrhy blended passionate eloquence of expression and control of line in her superb accounts of Clytemnestra's B minor and G *minor scenes*; and the very young and beautiful French soprano Isabelle Poulenard (how splendid to hear the French tongue sung for once by a native!) was pure, dignified, and sweetly touching in her exquisite airs of farewell.

Jonathan Summers as Agamemnon was a relative disappointment: he is a powerful Gluck baritone, with noble ease in high-lying lines (as we know from his Kent Opera Orestes), but he seemed passingly unsure of the French words, and his eyes stayed glued to the score — in the shorter role of the priest Calchas, John Shirley-Quirk gave a contrastingly assured example of *classical* declamation. The high tenor role of Achilles is normally the sticking point in any considered revival of the work, but John Aler is proving himself — here and in the Radio 3 *Telemaco* earlier in the month — the brilliant solution to any such *haute-contre* casting problems.

Richard Hickox conducted the City of London Baroque Sinfonia and band of choral singers carrying his name. He is fully alive to the opera's *Trovatore*-like energy (Achilles' "Calchas d'un trait mortel" not dissimilar to "Di quella pira" in dramatic point and placing), but in his determination to keep the work from lagging he tended to bustle the *allegro* music and scrappy, disjointed "authentic" playing was rather too frequently the result. The first version was given, complete with all its dances and ferocious unison closing chorus: a splendid idea *that would have been even more* effectively achieved if the dance movements (culled from *Don Juan* and *Paride ed Elena*) had been less bluntly shaped. The performance was recorded for future Radio 3 transmission.

Princess of Wales to be SCO patron

The Princess of Wales, known usually as a fan of popular music has agreed to become patron of the Scottish Chamber Orchestra.

A spokesman for the SCO, which is based in Edinburgh, said the Princess hoped to be able to attend occasional performances by the orchestra and had accepted the position as patron for an initial five-year period.

Richard II/Ludlow Festival

B. A. Young

The open-air *Richard II* at Ludlow Castle was better favoured than Wimbledon or Lords, and the first five performances were completely without rain. On the evening when I went the skies grew clearer and clearer until by a quarter to midnight, when the play ended, there was not a cloud in sight.

Richard II, so much of which runs like a dramatised history book, is not an ideal play for open-air production, and Paul Marcus has tried to introduce some light relief into his production whenever he can. Harry Percy (Robert Kitson) has become a somewhat diffident teenager, though he does mature as the action advances. Clifford Rose's Duke of York is given a touch of humour below his pointless pomp, and the family conflict over the loyalty of their son Aumerle (Russell Boulter) is brought as near as decently possible to slapstick. Moyra Fraser as the Duchess contributes a special helping of county fun.

John Duttine gives a manly Richard, at his best when he remembers *that* he is a king, less convincing in the more frequent moments when he is in despair. Brian Deacon's Bolingbroke is even more manly, admirably spoken and dignified, but he is certainly too young, and his inquiry after "unthrifty son" sounds as much as an historical footnote as no doubt Shakespeare intended it. Geoffrey Church as Mowbray looks a likely winner in the lists, especially as he wears a crash helmet; I was sorry that we saw so little of him, though he does make a re-appearance as the Groom at Pomfret.

John of Gaunt is in the safe hands of Frank Thornton, who can give all the resonance to his big speeches. When he turns on Richard with his rebuke, Richard gives him a testy little slap on the forearm.

The decor by Bruno Santini is less colourful than the Castle might have allowed, a wealth of scaffolding decorated by a curious motive of brass tubing, a large circle on one side and a straight pointer on the other that revolves like the minute hand of a clock, though with no perceptible connection with the time-scale of the play. The lists, on a strip of grass at the foot of the castle wall, are *only modestly ceremonial.*

The costumes by Allan Watkins look as if they have been extemporised from sweat shirts and rolls of kitchen paper. There is some incidental music by Paul Holub which is perceptible only at the staccato choruses of "Deus! Deus!" that accompany Richard's entries to emphasise, as little else does, his consciousness of his divine right.

Philharmonia Quartet

David Murray

The Philharmonia Quartet consists of leading players from the Berlin Philharmonic. It shows, in generally admirable ways — very firm, unanimous attack, rich ensemble, a big, warm sound, individual character isn't suppressed, but it is certainly not indulged. The quartet with which they began on Wednesday at the Wigmore Hall, the G major from Haydn's opus 64 set, had a near-romantic breadth and solid assurance, without much sense of a four-part conversation being pursued. They showed how much a mature Haydn quartet like this one has in common with his symphonies, but made less of the way Haydn capitalises upon the special possibilities of the chamber medium.

The Philharmonia performance of Szymanowski's Quartet *no 2 was only the second* that I can remember here in many years. The work could easily become a sort of fringe staple: conveniently short but highly flavoured, pitched somewhere between the exotic lyricism of the *First Violin Concerto* and the tougher rhythms of Bartók. It got a cool, shapely reading, one which set out its material with conviction and good sense. A degree of Szymanowski's sharp sweetness was missed, I thought, and something of the mysterious shimmer of the string-sound.

The chordal opening of Beethoven's late E-flat Quartet, op. 127, was stirring and sumptuous—just the kind of writing in which the Philharmonia players are most impressive. Throughout the work the voices were excellently balanced, and every movement was purposeful. It would be a bit finicky to complain that the Allegro was more determined than gracious, the "Scherzando vivace" not *remotely playful and the Finale* —slightly under tempo—somewhat sententious; it was strong, committed Beethoven-playing for all that.

Continued from Page 20

Arts Week

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the *'30s incorporates* gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the *magnificent spectacle of Victor Hugo's* majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin): Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis): Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters; but it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and James Lapine's Pulitzer Prize winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 2 (443 3800).

TOKYO

Tango Argentina (in English). Yet another original Broadway show for Tokyo, this is conceived and directed by Claudio Segovia and Hector Orezzoli. The sensual and powerful tango theme – *like flamenco – fascinates* the Japanese, mainly because sentiments and expression are at such a far remove from their own culture. Starring Nelida Rodriguez de Aure, Hector Nelso Avila and Cecilia Narova. Kosei Nenkin Kaikan Hall, Shinjuku.

A Streetcar Named Desire (in Japanese): Directed by Toru Emori with (incredible as it may seen) 78 year-old Haruko Sugimura playing Blanche. Since Ms Sugimura's first appearance in 1953, she has given over 600 performances in this role. The phenomenon speaks volumes on Japanese culture. At Seibu's new theatre. Ginza Saison. (535 0555).

Les Misérables: After London and New York, now Tokyo, and the Japanese version by the Toho Company. With the cast hand-picked by the creative team of producer Cameron Mackintosh (from an astonishing 12,000 hopefuls), then trained for six months in a special "ecole", rehearsed by John Caird himself, costumes, set, sound and lighting supervised by the respective original designers flown in from London, Toho's Les Miserables (for both process and quality control) is set to make musical history in Japan. Sponsored by the cosmetics company, Shiseido. Les Misérables stars Sakao Takida, Ran Ohtori, Huruhiko Sarto, Goro Noguchi, Hiromi Iwa*saki, Kaho Shimada*. Imperial Theatre, near Ginza (201 7777).

SPAIN

Merida, XXXIII International Theatre Festival begins this weekend with Irene Papas, directed by Mikis Cacoyanis at Merida's Roman Theatre. The most beautiful city of Roman Spain, preserving its atmosphere. 62 kms from Badajoz City and 347 from Madrid.

NETHERLANDS

Amsterdam, Odeon Theatre (Singel 460). Victoriana, a tribute to Victorian and Edwardian music hall presented by the Hall Family (Fri to Sun). (22 97 42).

Amsterdam, Stadsschouwburg. The *English Speaking Theatre of Amsterdam* with Noel Coward's Private Lives directed by John Hartnett and starring Lesley Hughes and Chris Young (all week except Sun and Mon). (24 23 11).

Amsterdam, De Balie (Kleine Gartmanplantsoen *10) The Gate Theatre* from Dublin with Samuel Beckett's I'll Go On, a solo piece compiled from Molloy, Malone Dies and The Unnamable performed by Barry McGovern and directed by Colm O'Brian (Fri to Sun. (232 904).

Music

LONDON

Miles Davis, Royal Festival Hall (Mon) (928 3191).

Chelsea Opera Group, conductor Nicholas Braithwaite with Richard van Allan as Boris in a concert performance of Boris Godunov, in English. Barbican Hall (Mon). (638 8891).

Camden Choir with the London Bach Orchestra: Julian Williamson conductor with Gillian Asher soprano and John Nobel bass: Franck, Kodaly, Janacek, Fauré. Barbican Hall (Tue).

Herbie Hancock Trio: Royal Festival Hall (Wed).

London Symphony Orchestra, conductor Michael Tilson Thomas, Julia Migenes, Peter Donohoe and Larry Adler: "The Gershwin Years": Gershwin, Weill. Barbican Hall (Thur).

Dizzie Gillespie and his 70th Anniversary Big Band: Royal Festival Hall (Thur).

TOKYO

Mariko Noda, piano: Debussy, Ravel, Chopin. Tokyo Bunka Kaikan Reci*tal Hall (Mon)*. (828 2111).

Hayko Siemens, organ, Konradin Groth, Trumpet: Bach, Handel, Schumann, Stanley, Pescotti, Molter. Suntory Hall (Mon) (505 1010).

Cambridge Buskers: Vivaldi, Mozart, etc. Yurakucho Asahi Hall, Mullion Building, near Ginza (Tue) (545 8343).

Tokyo Symphony Orchestra and Tokyo Academy Chorus, conducted by Kazuyoshi Akiyama: Mozart's Grand Mass in C minor; Japan's premiere of Andrew Lloyd Webber's Requiem with Sarah Brightman, Ei*rie Chin, Yuko Nishikawa, Masayuki* Kurata, Shego Miyahara, Makoto Hayashi, The Little Singers of Tokyo. Tokyo Bunka Kaikan (Tue) (363 0101; 273 5481).

Heidi Litschauer, cello, Royko Watanabe, piano: Beethoven, Schubert, Schumann, Brahms, Tokyo Bunka Kaikan (Wed) (403 5871).

NHK Symphony Orchestra, conducted by Jiri Belohlavek: soloists Tamara Sinyavskaya and Shinobu Sato: Mahler's Symphony No 2 and "Resurrection". NHK Hall (Wed, Thur) (465 1780).

Osaka Philharmonic Orchestra conducted by Takashi Asahina with Masuko Ushida, violin. 40th anniversary concert: Mozart, Bruckner, Tokyo Bunka Kaikan (Thur) (573 3588; 237 9990).

The Nash Ensemble of London: Mozart, Schubert, Britten. Tokyo Bunka Kaikan *Recital Hall (Thur)* (061 2590).

NEW YORK

Tanglewood: Elly Ameling soprano recital with Rudolf Jansen piano. All-Schubert programme (Thur). Lenox, Mass (413 637 1666).

WASHINGTON

Mostly Mozart Festival (Concert Hall): Festival Orchestra conducted by Gerard Schwarz. All-Mozart programme (Wed); mixed programme (Thur). Kennedy Center (254 3776).

Wolf Trap: Chuck Mangione Jazz concert (Thur). Vienna, Va. (703 255 1868).

CHICAGO

Ravinia Festival: Schumann Song Cycles with Philip Creech tenor, Christopher Trakas baritone and Hermann Prey *baritone with James Levine, piano (Tue)*; Nadja Salerno-Sonnenberg violinist and James Levine pianist perform all-Mozart programme with chamber group (Thur). Highland Park (728 4642).

NETHERLANDS

Amsterdam, Nieuwe Kerk: Rossini's Messa Solonelle from the orchestra choir of the Teatro Communale of Bologna conducted by Ricardo Chailly and Fulvio Angius, soloists Susan Dunn, Chris Merritt and Margarita Zimmermann (Tue). (211 211).

Amsterdam, Concertgebouw: The Orpheus Chamber Orchestra with Gidon Kremer, violin: Mozart, Schubert, Schnittke, Stravinsky (Mon). The Radio Philharmonic Orchestra and the Broadcasting Choir conducted by *Gunther Sculler, with* Sol Greitzer, violin: modern American composers, including Druckman and Schuller (Tue). (71 83 45).

SPAIN

Granada, 36th Festival: Monday: Orquesta Nacional de España conducted by Jesus Lopez Cobos: Falla, Gerhard, Usandizaga, Prieto and Franck in a special Spanish programme at Palacio de Carlos V. Tuesday: pianist Vlado Perlemuter, a homage to Ravel 'Sonatine', 'Miroirs', 'Gaspard de la Nuit' at Patio de Los Arrayanes. Wednesday, Thursday: Orquesta Sinfonica de RTVE conducted by Miguel Angel Gomez Martinez commemorating George Gershwin and Maurice Ravel's anniversaries on first performances and Del Campo, Falla and Alonso the following day. Both at *Palacio de Carlos V.*

ITALY

Milan: Teatro alla Scala: Verdi's Requiem with Margaret Price, Dolora Zajic, Luciano Pavarotti and Samuel Ramey (Fri, Mon). (80 91 26).

Rome: French Academy, Piazza della Trinita dei Monti 1, (Villa Medici Festival): the orchestra of Santa Cecilia conducted by Kent Nagano playing Berlioz, Huvel and Maderna, with soloist Janet Baker, (Wed). (67 611).

Spoleto: (30th Festival of Two Worlds): noon-time concerts every day of the festival at the Teatro Caio Melisso and Chamber Music Concerts (Incontri Musicali) at the Teatrino dei Sei at 6 pm. (40 265) (closed Monday).

Saleroom/Annalena McAfee

Bull market for Bullock

Following the successful sale of the contents of Great Tew, Oxfordshire, which put work by the Regency cabinet maker George Bullock on a par with that of Chippendale. Christie's yesterday auctioned another suite of Bullock furniture. The sale established that high prices for his work are holding with the 10 lots, (a matching group of sofas, chairs, cabinets and other items believed to have been commissioned from Bullock by the Portuguese Ambassador to England) selling for a total of £695,420.

The highest price fetched in this group was £242,000, paid by the London dealer Blairman for a pair of pollard oak side cabinets which had been expected to fetch up to £60,000. Another London dealer, R. A. Lee, bought an ebony and oak open display stand, valued at £35,000, for £115,500 and a set of 18 oak and parcel-gilt dining chairs went to an anonymous buyer for £88,000.

The top lot of the sale, which reached a total of £3,609,243, was a George I cream lacquer *secretaire cabinet*. Estimated at £150,000, the cabinet was bought for £264,000 by R. A. Lee. The price was boosted by the rarity of cream lacquer and the excellent condition of the cabinet. A pair of George III giltwood Chippendale mirrors, part of a group from Harewood House, fetched £242,000.

The highest price paid in Sotheby's sale of valuable printed books yesterday was £55,000, successfully bid by a private collector for Buffon's 10-volume Histoire Naturelle des Oiseaux, produced with hand-coloured plates by F. N. Martinet between 1771 and 1786. The book has been described as one of the most important, ambitious and comprehensive bird books. The London dealer Quaritch paid £37,400 for Mark Catesby's Natural History of Carolina, Florida, and the Bahama Islands, printed in two volumes with 220 hand-coloured plates in 1771.

Christie's sale of continental drawings from the Bernasconi collection yesterday produced a remarkably high price for one lot, a group of 119 drawings and prints by the 19th century artist Pompeo Mariani. Valued at about £300, they went for £37,400 to a private Italian collector. In March, 2,500 paintings from the Bernasconi collection made a total of £3.5m. Yesterday, the sale yielded £294,596 with 17 per cent bought in.

At Bonham's yesterday, Alexander Rossi's painting "News from the Front," expected to realise up to £8,000 in a sale of fine 19th century drawings and watercolours, went for £14,300.

Sotheby's silver sale in New York on Wednesday produced a record price for American silver. A pair of silver Tiffany candelabra (1884) made $440,000 (£258,824), which was also an auction record for any silver sold in the US.

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Friday June 26 1987

Rate reform in trouble

IN HER first two terms Mrs Thatcher could rely on the loyal support of her own party even for her most radical proposals. The rebellion against fiscal stringency was stifled when the economy began to recover. Nothing else has aroused much dissent, even when dissent was deserved, as in the failure to break up State monopolies when they were privatised.

It seems, though, that rates reform may be different. Even before the Queen's Speech backbenchers were publicising their misgivings, and some are openly threatening to oppose the legislation, or at least to abstain. Their unease is not simply a matter of principle, but of strong constituency pressure, and is therefore likely to prove quite obstainate, as Ministers apparently recognise.

Distant cloud

The loudest rumblings in the south concern the proposed uniform business rate, which will lead to very steep increases in some areas which are at present low-rated, largely in the most prosperous part of the south-east. This, of course, is intended: the change will add powerfully to the incentive to locate in depressed regions. The protest shows that the transitionwill need careful handling.

The poll tax is so far a fairly distant cloud on the English horizon, but reports from Scotland, where the change is now enacted—though it has yet to come into force—are evidently disturbing. The threat of a large extra charge on everyone below average income seems to be much more potentially damaging than the initial protest from some of Scotland's few Conservative loyalists over an overdue rating revaluation.

This might be tolerable in a noble cause; but the proposal is so friendless that one of Mrs Thatcher's recent policy advisers is promulgating the *amusing myth that the whole* idea is a Civil Service plot to get the government bogged down. This is not even a travesty of the facts, for the scheme would have been dropped long ago but for the Prime Minister's personal commitment; but the myth does make the point that the Government has much more important things to do.

There is a principle involved in the poll tax: voters should pay for part at least of the expenditure they vote for. It is the practice which looks so *politically expensive.*

While the original idea of a simple head-count charge has been progressively softened against the poor, at the expense of the Treasury, it remains as favourable as ever to the rich. To soften this contrast, some back-benchers are pressing for a still higher Treasury contribution.

This would certainly be resisted, and it would probably not achieve the desired result. An even-handed Treasury subvention would reduce the average burden, but it would not reduce the extra *charges in high* cost or high spending authorities. The average charge will be a little over £200, but the highest may reach £700 a head; reducing these charges to £100 and £600 would not buy off much grievance.

Grievances could in theory be avoided if the Government first overhauled its methods of *assessment of local needs, and* tightened its control over spending, to the point where the anomalies were largely removed. However, the reforms would hardly have been proposed had these problems not proved so insoluble over the years.

Some softening has already been seen since the reform was first mooted, extending *progressively a little further above* the poverty line, and this could be carried further. Anomalies are least *bearable* when the poor carry a large share of the cost, and could make the whole scheme unworkable.

Time needed

Above all, though, both reforms need time. Local authorities need time to adapt their own spending pattern to a new tax base, and to negotiate a revised needs assessment, more sensitive to special inner city needs for social and environmental spending. Only careful steps on these lines will make a clumsy proposal at least *workable*, which is already the aim of some realistic local authorities, and ought to be the Government's aim.

The move to a uniform business rate is not short of time, given a five-year transition, but this time must be used to ensure that the response of market rents to the new charge is fully reflected in valuations. And ministers should talk about this response; it is mainly because ratepayers can hardly believe in the possibility of falling market rents that they are so *frightened.*

Test for German consensus

COULD THATCHERISM be making inroads in the German-speaking countries of Europe, where the risk of rigidities in industry is generally accepted as an acceptable price for smooth, consensual industrial relations? A crisis that has blown up in the Ruhr steel industry will provide at least part of the answer.

Not so long ago Ruhr steel, basking in the warm glow of an overvalued dollar, was held up as a model of efficiency with little need for structural change. But all of a sudden the steel companies are threatening to enforce 20,000-30,000 redundancies unless they get state help.

The threat looks like a prize case of capitalism red in tooth and claw. The manner in which it was made suggests something rather different. For the employers and the trade unions told the Government of Dr Helmut Kohl *unisono* that it ought to provide DM 900m (about £307m) in financial assistance to avert the redundancies.

Here, then, there is a chance for Dr Kohl to emulate the Iron Lady. So far his government has been playing for time: some money has been forthcoming, but the whole matter is to be adjourned until September when, so it is said, there may be more clarity about how the European Community intends to deal with the continuing steel crisis. At least one of the concerns has adjourned decisions in the same way.

The outcome may be awaited with some curiosity. One thing is clear: Bonn will find it very hard to resist the joint pressure of the steel employers and the IG Metall for further help—even though the industry has skidded to its present plight after five years of costly governmental restructuring *aid.*

A precedent exists. The Ruhr coal mines which were in danger of going under more than two decades ago have been kept alive by an elaborate system *of subventions paid* for partly directly by the consumer, partly by the power generating industry. Coal was deemed to be too important to be allowed to die; the same case will be made out for steel.

Whatever the merits of the consensual system, the joint front of employers and labour against a government and against economic reality is one of its least attractive *facets.* Yet the betting must be that Bonn will give in the dip ino its purse.

Steel apart, it may be argued that the obviously harsher tone of the IG Metall, especially towards the engineering industry, testifies to a decline of the consensual system. That is true only within strictly defined *limits. A threatened strike this* spring was averted probably because both the union and the larger employers wished to avoid it.

Even if there had been a strike—as there was in 1984—it would not have spelt the end of consensus. Strikes have occurred in West Germany at all times. But the underlying consensus made them *less disruptive* than the chaotic industrial climate of the Britain of the 1970s. Both sides recognised at all times that they would have to live with each other *after the fight.*

That said, given the inevitable conflicts of interest between employers and labour, consensus—like any other system—must constantly be shown to be worthwhile, even in societies where it is traditional. There is reason to believe that doing so is harder than usual in the present times of lacklustre economic performance.

Consensus seems to thrive when things are really bad, as in the early post-war days in Germany; or when things are going really well as in the following decades. Stagnation or near-stagnation provides barren soil. That is so even in neighbouring Austria where social partnership ranks next to Holy Writ but where, now, a socialist-led government *is* threatening to slim down or privatise state-owned industries, to the open disgust of the trade unions.

A changed economic environment is bound to *have its effect* upon the conduct of industrial relations. The nature of consensus, where it exists, will have to be rethought. If this is done with a feeling for economic *realities, consensus will survive.* If not the cry for a Frau Thatcher may yet arise.

THREE-TIME winners they may be, but the Conservatives apparently remain *afraid to touch the National* Health Service. "It is *safe* with us," they insisted during the election campaign. Thus it is hardly surprising that in the Queen's Speech yesterday they merely promised to "maintain and improve" it. Yet the Government knows very well that its revolution in public expenditure, social welfare, and the shape of British society will not be complete until this mangy-looking sacred cow is retired to the pastures of history.

As matters stand no such *thing will happen until at least* the 1990s, by which time work now being done in a number of think-tanks will have changed the way we perceive the supply of health services. More about them in a moment; meanwhile take it that the change will be fundamental. What we see now is a health service whose structure is based upon the fiction that it can treat all the ailments of everybody. What we will have then will be a service that acknowledges that treatment is arbitrary, and is likely to get more so. Choices will be made *either by the consumer*, on the basis of ability to pay, or by the medical profession, on its own arcane calculations, or by administrators, on quasi-poloitical grounds—or, most likely, by all three.

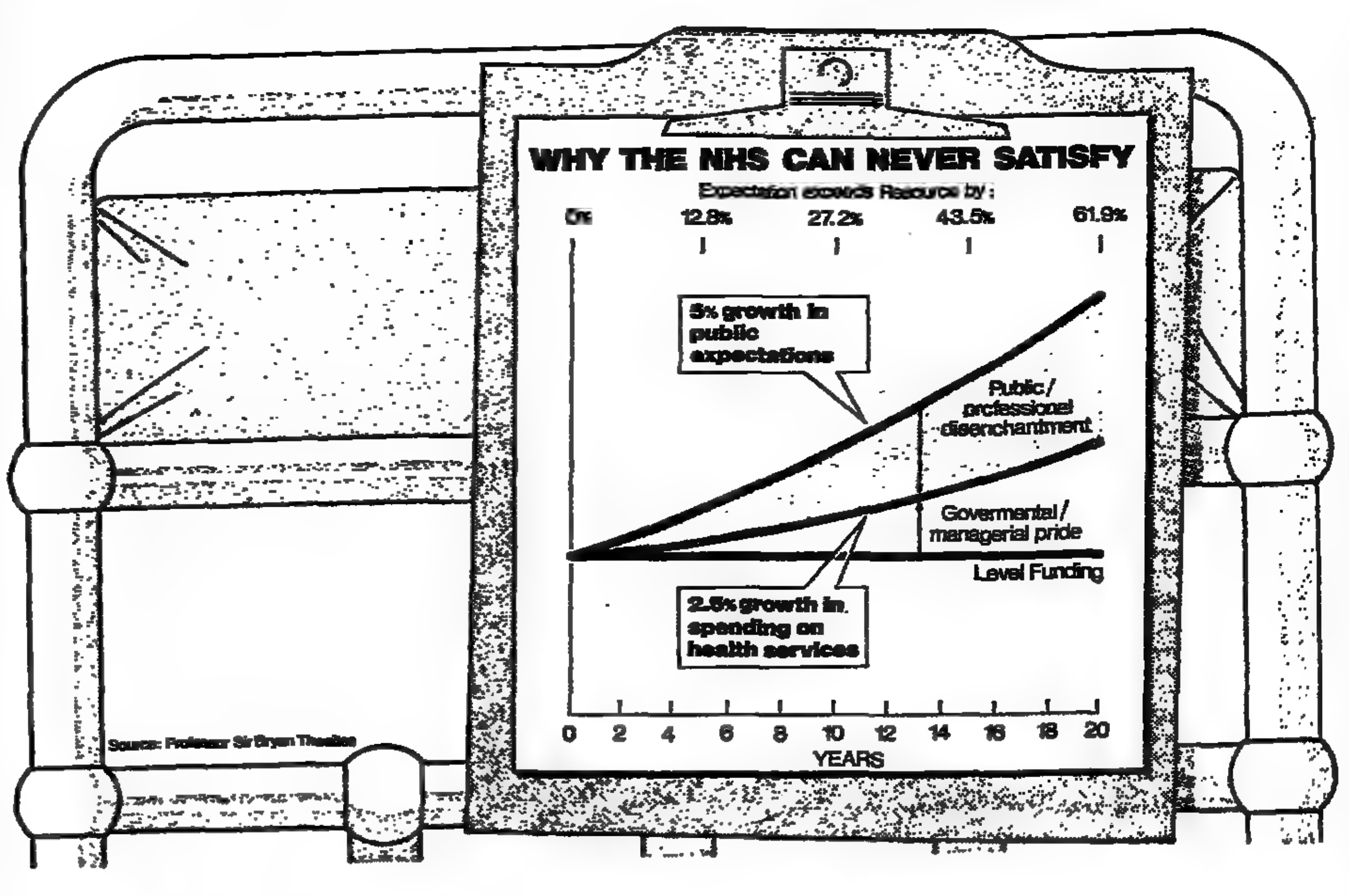
The story begins in those heady days of 1946-48, when it was believed that while at first it might prove a trifle costly to make a once-for-all improvement in the health of the population, all that would be required after that would be a modicum of expenditure to keep people well. Thus the service was made free at the point of supply. Nobody seemed to realise that there would be virtually unlimited demand. The early budgets were broken *immediately*, but the *Guillebaud* Committee was able to report in 1956 that although it was true that the original estimates had been too low, everything was now under control and the service was absorbing only 3¼ per cent of gross national product as against 3¾ per cent at the start.

Heaven knows what the committee would have *said* had it been told that 30 years later: (a) British spending on health care would have more than doubled to some 7 per cent of a much large GNP, while (b) even on that astonishing measure Britain would be just about the lowest spender in Western Europe. It might not have been able to credit forecasts that in 1987 two parties would fight an election on the basis of increasing future spending by yet greater amounts or that the public consensus seemed to be that the NHS was starved of resources, while within the service many professionals were convinced that standards were dangerously low and falling. In fact, what has actually happened is not all that easy to grasp even today.

Take the cost of the NHS itself. Expressed in 1986-87 money, it was some £3.8bn in England in its first year of operation and £4.4bn in its second. The estimated outturn for England in 1986-87 is *£15.75bn.* You just have to project a further quadrupling in the early years of the next century to see how impossible it is.

Of course the truth is that the rate of increase of spending has already slowed almost

The Tories and the National Health Service



What the Queen left unsaid

By Joe Rogaly

to a halt. According to Professor Sir Bryan Thwaites, a distinguished mathematician who is currently chairman of the Wessex Regional Health Authority, the rate of growth in real expenditure on the NHS in England has followed a compound-interest style trend line of some 4.56 per cent per annum over the past 30 years. This line fell back to 3.56 per cent over the past 15 years and 1.38 per cent over the past five. Sir Bryan takes a Department of Health and Social Security projection to indicate that the equivalent figure for 1983-93 will be 0.5 per cent. (In fact, *overall* spending on health care has changed at a rather more bumpy pace, but the decline is still evident.)

I have taken Sir Bryan's calculations from a lecture he entitled: "The NHS: the end of the rainbow." He delivered it just three weeks before the election, at a ceremony to mark the foundation of the University of Southampton Institute of Health Policy Studies. His central point is worth a moment's concentration. Go back to that 0.5 *per cent* projected growth and add a further 2 per cent from the management-led efficiency savings that the Government is insisting upon and you have the curve of rising resource of 2.5 per cent a year shown in the chart. Now comes the really fascinating part. For Sir Bryan takes his Wessex experience to arrive at the conclusion that, taking capital and revenue outlays together, his health authority could spend 5 per cent more each year . . . "without running any risk of criticism for waste or extravagance."

That gives you his upper curve of rising expectations—or, as those who believe that expenditure has been pulled back too sharply would have it, rising needs. It is easy to accept if you have his list of components. Awareness of what is available continually rises. The service is not charged for. People have a lower tolerance of discomfort. Medical technology—and its cost—increases at an exponential rate. A body scanner "will pick things up which a few years ago would be left dormant and undiscovered," says the Professor. The rise in the number of elderly patients is well-known. "We are all living longer because we are not dying of the things that the NHS has cured us of." As the number of doctors increases, so does the amount of treatment they demand for their patients. And so on.

Those two curves explain what Mr Enoch Powell first pointed out in his own profound analysis of the NHS in 1966: that spending will never catch up with ever-rising expectations. Expectations seem to be accelerating, but spending *has perforce* slowed down since then. Even the Labour Party, in its election promises of a few weeks ago, was talking of just 3 per cent growth in real terms. That would move the Thwaites curve up a notch or two, no more. Public dissatisfaction would still be fathomless.

The problem is easier to diagnose than to cure. It is here that all those think tanks come in. The Institute of Economic Offairs (IEA), which often purveys the market as a wonder *elixir* to cure *all ills*, has set up a health unit. Southampton's new institute is mentioned above. There are health economics groups at Brunel University and the Universities of York and Aberdeen, and a Health Services Management Centre at Birmingham University. The Office of Health Economics (OHE) celebrated its 25th anniversary last week with the publication of a new book reviewing the state of the art in Britain, Europe, the US, Japan and several other countries.

One message stands out above the rest in the OHE silver jubilee volume: the pressure of apparently limitless demand is universal. Expenditure on health care has roughly doubled as a proportion of GNP in most countries in the last 25 years. In the US they are up to 11 per cent and rising; clearly the American free market has done a worse job of keeping costs in check than has the British Treasury. Responses to this message vary. You could divide them into *economic* and *medical* forms of rationing.

The principal economic form of rationing is the market itself. In the US this has changed radically over the past 20 years, according to the OHE reveiw. As the cost of insurance has risen new mechanisms like Health Maintenance Organisations (a kind of consumer cartel) and Preferred Provider Organisations (cheaper insurance with less choice of practitioner) have been invented. The pressure on hospitals to lower cost *has been immense*, particularly as the number of empty beds has grown. One result has been to leave the poor and the 35m uninsured Americans worse off, since private hospitals have lost the surpluses previously devoted to charity cases, while the taxpayer revolt has hit publicly financed clinics. Against that *the middle* classes are trying to put a brake on the cupidity of the American medical profession.

There is also price. In the latest issue of the IEA magazine, Economic Affairs, Norman McKenna argues that NHS patients should be charged the full commercial cost of treatment, adjusted by abilty to pay using income tax scales. The poor would pay nothing and those who needed "exceptionally prolonged and costly treatment" would be protected by an upper-limit safety net. This would give consumers real choice and cut costs, he claims, by some 40 per cent.

The medical forms of rationing start with an attempt to assess the value to the patient and society of a particular item of health service. In a contribution to the OHE book Prof Alan Williams of the University of York argues forcefully for the measurement and valuation of the quality of life, which he hopes will turn out to be "the aspect of health care evaluation which comes historically to be *recognised* as the great achievement of the last quarter of the twentieth century." Wryly, the Director of the OHE, Prof George Teeling Smith, questions the use of "quality adjusted life years" (QALYS), asking whether they are analogous to units of weight where two one-pound units equal one two-pound unit—or units of temperature, "*where two days with* a temparture of 15 deg C cannot in any sense be equated to one day of 30 deg C."

Sir Bryan has his own formula for rationing within an NHS whose continued existence he assumes and applauds. He has created a three-dimensional model, relating the medical condition to the other conditions of *life* of the patient and the cost of care. Thus accident and emergency cases would undoubtedly be treated by the NHS; "my own spatular thumbs" would not. In the second dimension would come such considerations as an estimation of the likely success of the treatment, the bread-winner/dependent status of the patient, age, and financial or social ability to cope with the after-effects. His model for costing services includes items like after-care and unemploy*ment benefit.*

The big unanswered question is, who is going to make the choices? Any doctor will tell you that an informal system of rationing exists today. The health economists want to make it formal, structured, clear to all. Most people who feel that they could afford to do so would want to control the process themselves. *Must the poor* forever have such choices made for them? We will only begin to get serious answers to such questions when the Government turns aside from the political auction on NHS spending and brings forward the fundamental dilemmas for public debate.

Health Economics: Prospects for the Future, edited by Prof George Teeling Smith. Croom Helm, £27.50.

Men and Matters

Maxwell's adversary

If Robert Maxwell feels haunted today, blame Simon Robertson and his colleagues at Kleinwort Benson. Whereever whenever he pops up with a bid their faces seem destined to appear on the other side of the table.

Harcourt Brace Jovanovich, the US publisher, is the fifth — and by far the largest — company in less than three years *to seek Kleinwort's assistance* in repelling an approach from Maxwell. A reputation for knowing its adversary and his wiles has made Kleinwort the first UK bank to be given such a key role in a US bid defence.

Robertson has done his share of breaking new ground during nearly 20 years in the bank's corporate finance depart*ment. After five years as head* of the US operation, when transatlantic mergers tended to be smaller and more genteel, he returned to supervise the selling of the US tranches of the British Telecom share issue.

More recently, he has advised the French Treasury on its first privatisation, of St-Gobain, and the subsequent offer of shares in Credit Commercial de France.

When Extel Group jumped to Kleinwort from Hill Samuel, Robertson was there to marshal its pre-emptive defence against the hovering Maxwell, winning a narrow victory in the proxy *battle over Dealers Digest.* Robertson's team for the Harcourt campaign includes Ros Hedley-Miller, a fellow director who saw Maxwell in action when she worked on the McCorquodale defence and Philip Boothman an assistant director who worked on the Extel account.

"Clever idea — introduce a poll tax—then open the pubs 12 hours a day and the Chancellor can't lose"

Parlez-vous gilts

It is difficult to imagine the combined forces of London's gilt-edged securities market—the Bank of England, primary dealers et al—descending en masse on Paris to give a show on UK Government bonds, with all participants speaking fluent French.

For the French, however, such an event clearly holds no terrors. And yesterday the French government bond market came to London.

Treasury officials and senior executives of all 13 primary dealers in the newly streamlined market gave a detailed exposition of its workings—in English—to an audience of about 340 people from the *London* markets.

The Paris markets have ahd what Danie Lebegue, a senior French Economy Ministry official, called a series of small bangs. Meanwhile the Treasury has radically simplified the types of securities and issuing procedures in the interests of greater competition and market liquidity. *Now, clearly,* the desire is to attract a few more investors.

It was indeed a show. In the spanking new surroundings of the Queen Elizabeth II Hall, it was smoothly fronted by the BBC's Mark Rogerson and featured a video including not only excerpts from Moliere but also a swim-suit scene. As Rogerson remarked, only the French could get six semi-naked women into a film about government bonds.

Banking on film

Back *in Paris, Credit Commer*cial de France, France's sixth largest bank, has managed to go through three different chairmen in as many years. Now the bank has been safely privatised—with the help of Simon Robertson—a fourth chairman is to take over—Michel Pebereau, who has in effect run the bank for the last *five years,* whoever occupied the chairman's seat.

Hiding behind a shy smile, Pebereau is regarded as formidably intelligent, even by the high fliers of the French Treasury, *where he built his* career. Head of financial and monetary affairs at the Treasury until 1982, he had been widely tipped to become its overall head if the right had returned to power in the 1981 presidential election. Moving to Credit Commercial in 1982 Pebereau might have been expected to find enough to occupy him in unravelling the effects of the bank's over hasty expansion and in building its position as world leader in electronic home banking.

In fact he has found time to teach a regular economic course at Sciences-Po, the prestigious Parisian political science college, and to write economics books. One of France's leading connoisseurs of science fiction, *he is* also a fanatical cinema goer and presides over the French National Film Board.

Centre stage

Over at the Elysee Palace, Seiji *Tsutsumi may have seemed out*gunned by Pehr Gyllenhammar, chairman of Volvo, and the omnipresent Italian financier Carlo De Benedetti when all three received the Legion of HMonour from President Francois Mitterrand earlier this week.

The president of Seibu Season, the Japanese retailing *and financial services group,* upstaged his fellow Legionaires yesterday, however, by revealing a 10 per cent stake in Paris Orleans, the dormant railway company used as a vehicle by the *Rothschilds* after they lost their bank under the Socialist Government in 1981.

The Rothschilds are *staging* a triumphant return in France, *in considerably better financial* health than at the time of the bank nationalisation. They have even enlisted Jean-Charles Naouri, formerly chief aide to Pierre Beregovoy, the Socialist Finace Minister.

Tsutsumi, a poet, novelist and sponsor of the theatre in his spare time, appears to have confidence in the Rothschild name. His stake in Paris Orleans will be in the form not of shares but of certificates of investment, which carry no voting rights.

Worse than death

Three managers, one French, one American and one Japanese, were facing a firing squad. Each was allowed a last wish. The Frenchman, first in line, asked to sing the Marseillaise. He did, and was shot. Next, the Japanese manager said he wanted to lecture on Japanese management techniques.

The American stepped forward: "Could you shoot me first, please?"—Ray Sanderson, national officer of the EETPU electricians union, and architect of strike free deals at Toshiba and others, at the Confederation of Shipbuilding and Engineering Employees meeting at Llandudno this week.

Observer

WITH THE Queen's Speech outlining the proposed legislation for the new parliamentary session, the Government's problems return. And it begins to look as if the aftermath of the 1987 general election will be very like that of 1983: too much time-consuming legislation, insufficiently thought out, not important enough to be worth the effort, and with the main opposition coming from the House of Lords.

The opposition will come from the Lords simply because the opposition in the House of Commons is too small to count very much. Given another century-plus majority, the Government has little to fear in the lower chamber except the occasional rebellion from its own benches, and no doubt there will be some of those.

The election has, in fact, left the Government in a state of mild shock, despite the size of the victory in terms of parliamentary seats.

It was shocked, if not surprised, by the results in Scotland where the Tories now have only 10 MPs out of 72. It was disappointed by the returns from Wales, where it had thought that it was making inroads. And, as Mrs Thatcher herself made clear on election night, it is deeply worried about the inner cities.

On top of all that, there are fears about the community charge bill: the measure designed to replace domestic rates in England and Wales. It is on this subject that rebellion has been mounting all week.

Yet, in a way, all the subjects go together. The community charge—in effect, a poll tax—was introduced in Scotland by the last parliament with a view to placating Scottish voters angry about rating valuations. But it does not seem to have had the desired effect.

Mr Malcolm Rifkind, the Secretary of State for Scotland, held his seat in Edinburgh, Pentlands and has kept his office. It is notable, however, that another Scot, Mr Alick Buchanan-Smith, declined to serve as his number two.

Mr Buchanan-Smith has a record of holding different views on Scotland from the bulk of the Tory Party. He was inclined towards devolution and resigned as a shadow spokesman when the Tories resisted it in the 1970s. He is sceptical about the community charge. On the whole, his judgments have been wise.

It is no criticism of Mr Rifkind to say that Mrs Thatcher may have missed a trick by not making Mr Buchanan-Smith number one. Mr Rifkind is a considerable figure, but perhaps better suited to the Foreign Office than to the Scottish Office in these turbulent times. Evidently the

Politics Today

Ready to be tied in knots again

By Malcolm Rutherford

Prime Minister does not like rewarding resigners.

Wales, too, produced a problem when it came to Cabinet-making, there being no obvious successor to the outgoing Secretary of State, Mr Nicholas Edwards. Mrs Thatcher turned to Mr Peter Walker, the Energy Secretary in the last Government, and a lot of people commented that it was a demotion.

In practice, it will probably turn out to have been the opposite. Mr Walker remains a firm advocate of higher public spending: no great friend of Chancellor Nigel Lawson, who is trying to get it down as a percentage of gross domestic product.

As Secretary of State for Wales, he will sit on the key Cabinet committees. His job will be to win money for the principality, and those Welsh who understand politics have already recognised it. Mr Walker is also opposed to the community charge.

The best choice for Wales, as the new Secretary of State readily admits, would have been Mr Michael Heseltine, who at least has some Welsh connections and shares Mr Walker's views on spending. But again it obviously does not pay to have walked out of Mrs Thatcher's Government.

Another change that is still being widely discussed is the departure of Mr John Biffen. As *Leader of the House of Commons*, he was much respected and liked by all sides. If the business of the House goes awry in the new session—as it might—there will be those ready to say aloud that the Prime Minister should never have sacked him. He may, of course, also speak up from the back benches.

So, despite the size of the majority and the almost cast iron guarantee of four to five more years of Tory rule, Mrs Thatcher's judgment is again being questioned. Not dramatically, but some seeds of discontent are there, should things begin to go wrong.

Nowhere is that more so than in the case of the community charge. The abolition *of domestic rates is* Mrs Thatcher's baby. She has always wanted to get rid of them and promised several times to do so.

The problem was what to put in their place: sales tax, local income tax, some proportion of value-added tax or whatever. Inquiry after inquiry came to the conclusion that the existing system, though far from perfect, was preferable to anything else on offer.

The Prime Minister got her way in Scotland largely because of the political situation there. The Scots, especially the Scottish Tories, were up in arms about the rates they had to pay. Reform was seen as one way of winning them back.

Chancellor Lawson was opposed to rates reform in general, but agreed to Scotland more or less as an experiment and as a line of least resistance. Now the new system of the community charge is proposed for England and Wales as well.

It was in the election manifesto; no one can complain about that. But only very recently has it dawned on a large number of MPs that they may have to devote an inordinate amount of parliamentary time to a matter that may not be worth the unpopularity and blows to the Government's standing that it may incur.

Briefly, the community charge is a flat-rate tax payable by adults to the local authorities. It is impossible at this stage to quantify the number of winners and losers because that will depend on the rate charged. But clearly winners and losers there will be.

Although there will be exemptions, it looks broadly as if the better off householders will be still better off, and those less well off, whether householders or not, will be still less well off.

Anyway, that is what the *argument is about: winners and* losers who will of course vary from constituency to constituency, and there will be large variations in London.

The underlying question is whether it is worth the effort, especially by a Government that wasted so much time abolishing the Greater London Council and the Metropolitan authorities and seems not to have learned its lesson.

The Government is braced for it, at least at the top. So is the House of Lords where many of the battles will take place.

Lord Whitelaw is staying on as Leader of the upper house partly because the Prime Minister asked him before the election, as did a large number of his fellow peers. But the rea*son they asked is interesting.* There is a feeling that the House of Lords may become rather more unruly than it was in the past. It may even need a Speaker to preside over its proceedings, though it has not come to that yet.

The Lords is, after all, a revising chamber. When there is a large government majority in the House of Commons, it can become the opposition chamber as well. There is no in-built supply of Tory lobby fodder, or at least not one that is sustainable day after day, night after night. Some of the Tory peers, when they turn up, emerge as rather independent.

Moreover there will shortly be a new batch of peers in the dissolution honours list, some of them ex-members of Mrs Thatcher's administration who *may not always toe the party* line. All that explains why it needs a man like Lord Whitelaw, with great House of Commons experience, to ensure that the business of the Lords runs reasonably smoothly.

Lord Whitelaw's view is that if the Government really wants the community charge bill the House of Lords is under some obligation to deliver. There will be concessions, to be sure, just as there were when the Lords debated the Abolition of Dom*estic Rates (Scotland) Bill last* session.

At that time, the Government gave way on the amount to be paid by students, by the disabled and by people on social security benefits. The bill would never have been passed *without such concessions.* On the England and Wales bill, it will be surprising if their Lordships do not ask for even more —and get it.

The plan is that if at any stage a large number of peers threaten to reject the bill per se, they will be asked if they really want another rating revaluation, to which they are expected to answer "no." They will also be reminded that it is not the business of the House of Lords to defy the Commons on major questions. Amendments are acceptable, even quite substantial ones, but rejection is another matter. It could lead to the authority of the upper house being challenged and do its members really want that? There is only *the faintest doubt about* the answer, but there is some.

Not the least of the arguments is that if the Lords press too hard against the community charge, they will jettison their chances of winning concessions on other bills. It is all a delicate act of letting them use their revising power and even occasionally blocking power but not going too far. Lord Whitelaw is very good at it.

That is how it stood as the revolt was gathering support *this week. One's own guess is* that if the Government really wants the bill—and it appears to—it will be able to blunderbuss it through in the end. But it will do so at a price, and the question about whether it is worth paying is genuine.

Lombard

What Japan can teach the West

By Michael Prowse

FROM the Meiji Restoration on, *Japan has been good at learn*ing from the West. The US has been its principal tutor since 1945 and the pupil has undoubtedly made excellent progress: having spent a fortnight in Tokyo, I can confirm that the children crave hamburgers, the teenagers idolise Madonno, and the adults love baseball.

Most Westerners assume that the Japanese still have an awful lot to learn, especially in economic affairs. Never mind that Japan has created the world's most dynamic economy during the past 40 years, it apparently is still not copying the Americans slavishly enough. The instructions are crystal clear: stop saving so much, stop working so hard, and stop exporting so ferociously. *Instead,* be like us and enjoy more leisure, import more Western goods, and—most important — deregulate your economy and rely more heavily on market forces.

This advice, of course, is not wholly without merit. Working hours are ridiculous for a nation with Japan's per capita GNP, while some sectors, such as agriculture and retailing, are grotesquely inefficient. Nonetheless, Westerners would be wise to be a little less cocky and a little more willing to learn some lessons from Japan. After all, if Japan has been doing everything wrong for so long, how has it become so prosperous?

Don't imagine that the growth record can be attributed mainly to unfair trade practices. Foreign trade is still much less important to Japan than to most other industrialised countries. The truth is that the domestic economy, despite its much publicised rigidities and deviations from free market principles, has expanded at a terrific rate. This is comforting: it means that Japan will continue to grow steadily even though the politicians in Tokyo are unlikely to stomach much in the way of domestic deregulation.

The lessons for the West mainly have to do with social cohesion, the distribution of income and wealth, and the tenuous link between work effort and economic incentives. At the very least, Japan's recent economic record suggests that Anglo-Saxon economists *have greatly overestimated* the importance of the supposed trade off between social justice and economic efficiency. Japan is both more efficient and more egalitarian than the West.

As a result, it presents a headache for Western centre-right theorists—and especially Thatcherites—who are inclined to argue that economic vitality requires a widening of income differentials and an acceptance of greater inequality. It is surely feeble to argue, as *people often do, that* the Japanese are just "different" or that the economic and social structures that have worked so well for them for so long have suddenly ceased to have any relevance.

The powerful linkages *between social and economic* factors seem well understood in Japan. In a recent white paper analysing the nation's progress in the 40 years since the war, the Economic Planning Agency argued that Japan had achieved the highest standards of health *and education in the world.* It also pointed out that more than 80 per cent of the population consider themselves middle class and that the incidence of violent crime has fallen dramatically since the late 1950s. Looking to the future, one of its principal conclusions was that Japan needs to "maintain and further reinforce" its egalitarian society.

No tourist in Tokyo is likely to complain that these statistics are misleading. The abiding impression is of economic affluence (the department stores put London to shame) coupled with a pleasing social equality and stability. Tokyo reputedly has more neon lights than any city except Las Vegas, yet it is extraordinarily safe. Women can go anywhere alone at night and are not frightened to use the subway. It is difficult to place an economic value on this tranquility.

Japan, of course, is far from perfect. It caters poorly for minorities — there are few ramps for wheelchairs — and it perhaps tends to stifle individuality. But the Anglo-Saxon economies have arguably got more to learn from it than vice versa, especially if they seek to combine growth with social harmony.

Letters to the Editor

Joining the EMS

From Mr G. Radaelli

Sir,—Mr Jackson (June 19) argues against sterling joining the EMS. I do not however find his arguments convincing. It is dangerous to regard exchange rate depreciation as the only means by which to improve one sector's competitiveness, especially over a time horizon as long as 10 years. The danger lies in the inflationary stimulus coming from the "vicious circle" of depreciation - inflation - depreciation. This is all the more likely to occur in the UK, which traditionally suffers from (downward) wage rigidity and insufficient productivity growth. One would think that over 10 years something can be done to soften these two problems, so that the required competitivity gains would not have to depend on exchange rate depreciations only.

Membership of the EMS does not rule out currency devaluations per se. It is well known that, for output stabilisation purposes, exchange rate adjustments are optimal policy response when "real" shocks occur. Then, a sterling devaluation could be requested if and when a real shock (eg a sharp decline in oil production) hits the UK economy.

Mr Jackson overlooks the fact that, thanks to credibility effects and to more effective foreign exchange market intervention, belonging to the EMS allows the defence of a given exchange rate level with lower interest rates than otherwise. This fact becomes all the more important if coupled with evidence that—since 1983—the UK authorities have been "shadowing the EMS," thereby imparting an upward bias to domestic interest rates in spite of being outside the system. True, participation in (or shadowing of) the EMS increases domestic interest rates' volatility. Higher volatility, however, would be confined to short term rates, and it is doubtful that the latter are a significant determinant of investments.

The buoyancy of UK bank lending and wage earnings is already fuelling inflation (expectations), especially since the lack of monetary targets and/or incomes policy is coupled with the lack of a credible exchange rate target.

Giorgio Radaelli,
68 Queens Road, SW19.

Reform of the rates

From Mr O. Smedley

Sir,—I should like strongly to endorse the views of your correspondent Mr Henry Law (June 23) on the subject of the Government's rate reform proposals, particularly his final sentence in which he writes, "What we should really be concerned about is the injustice of the present method of assessment, which penalises improvements and rewards those who keep land and buildings out of use."

The logical way to reform the rating system is to carry on where the young Winston Churchill and, later, Philip Snowden had to leave off and to assess rates on the unimproved site value of land itself, irrespective of what may or may not stand on it. The case is so overwhelmingly obvious that I sincerely believe that the backlash from the palpable injustice of the Government's proposed community charge on poll-tax will bring it once more to the surface.

Oliver Smedley,
Garden Cottage, Duck Street, Wendens Ambo, Saffron Walden, Essex.

Status of schools

From Mr G. Howell.

Sir, — If some state schools become charitable trusts and their subsequent monetary value exceeds their value as educational concerns, will the monetary value of the property revert to the state or be distributed among other charitable trusts as is accepted by the laws relating to such trusts?

The state could very well be giving away large tracts of very valuable property to incompetent charitable trusts whose only way of surviving is to sell the property they own to keep (their heads above water) in balance.

Very careful thought is needed in drafting enabling legislation and careful study of the existing educational charitable trusts. A good many of these, for example, do not even bother to make their returns to the Charity Commissioners, as required by law.

Fund raising powers for parents and governors is a good plan, especially if it permits better staff/pupil ratios, but even the most radically conservative educator would need very careful conviction to be certain that the financial aspect is properly considered.

Labour and Conservative councillors are interested in *maintaining* and *if possible* increasing the value of their assets. They are prepared (Conservatives) as a point of policy, for the sale of council houses, but does the property owning democracy theory ex*tend in any way to the chari*table owner/trusteeship of schools? I think not and one might well refer to Platonic theories of education to decide whether the state already exercises the best "charitable" interest for the nation's children.

Gareth Huw Howell,
10 North Heath Lane, Horsham, Sussex.

Single-union deals

From the National Staff Officer, General, Municipal, Boilermakers and Allied Trades Union

Sir, — Your report "single-*union deals attacked by GMB*" (June 24) misrepresented the position of GMB. Single-union deals are a rational way of representing members, particularly on new sites.

Matsa (the staff section of GMB) has been actively campaigning for, and signing single-union deals in many areas since the launch of our "Into 2000" package.

Our opposition is not to single-union deals. We oppose no-strike clauses, sometimes included in single-union deals, when used as a tactical device by certain trade unions who want to gain entry into a sector of industry where they previously had no interest. This approach may tempt some employers, but it shows a steady disregard for the rights of employees.

Matsa believes in single status for all employees, high levels of flexibility and a problem-solving system based on negotiation and arbitration. We do not believe that no-strike clauses should form part of this approach. Matsa's approach seeks to avoid the need for any strikes, but to outlaw strikes is to remove a basic civil right.

The industrial and commercial world and its employees need new forward-looking agreements. *Single-union deals* are part of the future. Those deals, however, must be of high quality, and fair to staff.

David Plant.
Thorne House, Ruxley Ridge, Claygate, Esher, Surrey.

Navigational hazards

From Mr H. Crowther

Sir, — I refer to the review *by David Bolton (June 20) of* a new waterway plan for the Avon.

The higher Avon does not have a public right of navigation, therefore no through route can be created unless all *riparian* owners agreed and were compensated for the loss of their proprietary rights. This is highly unlikely.

The Severn-Trent Water Authority gave a conditional land drainage consent in 1978 for water levels, but no detailed proposals have even been put to it. *When they are,* the authority will consider them in the light of its responsibilities under the various acts, including the Wildlife and Countryside Act.

The comment about the National Trust is quite incorrect — *it is totally opposed to* powered boats passing through its private waters at Charlecote Park. As are also Warwick Castle and other riparian landowners.

British Waterways Board will not allow access on to the Grand Union canal for boats wider than 6 ft 10 ins, so a broad-beam across-country navigation is incorrect.

Even if local authorities do support the proposals, this will make very little difference, as all the main decisions rest with Severn-Trent—and finally with the riparian owners.

Henry Crowther.
Fiddlers Wood, Bredon, Nr Tewkesbury, Glos.

Patents and management

From the Managing Director, New Product Management.

Sir, — Until patents are integrated into the cycle of management of new products and ideas, businessmen will continue to be frustrated by both the patent system and plagiarists, as discussed in Charles Batchelor's article on June 16.

One could argue that Britain's declining GNP since the 1950s (relative to major industrial nations) is a direct result of failure to protect innovations from cheaper competition, with the consequential erosion of profits and ergo money to invest in R&D; leading to an inexorable downward spiral.

There is ample evidence to suggest that British businessmen seem to have lost sight of, or do not really appreciate, the essentials and methodology for inhibiting, if not preventing, competitors from stealing the fruits of their labours. *Which* contrasts with the Japanese, who today own 40 per cent of all patents filed worldwide.

Perhaps it is time for a new government initiative, focused on patent management.

Eric T. Parker,
63 Lincoln's Inn Fields WC2.

Changing times

From Mr M. Rothwell

Sir, — What a let-down, the story (June 23) under the heading: "Monks to steer TUC into changing times."

So many readers will have hoped that the brothers were taking a lead from those other brothers — the Trappists.

Mike Rothwell.
Abbatt Phelps Tanous.
5, Carthusian St, EC1.

FINANCIAL TIMES
Friday June 26 1987

Tall storeys of the Windy City

Chicago's love affair with architecture on the grand scale has its drawbacks. David Owen reports

"IN CHICAGO we take our architecture seriously," according to Mr Walter Netsch, one-time eminence grise of Skidmore, Owings & Merrill – the huge architects' firm and designer of the controversial US Air Force Academy Chapel in Colorado Springs.

With good reason. The civic honours list includes such luminaries as Louis Sullivan, father of the skyscraper, Daniel "make no little plans" Burnham, Ludwig Mies van der Rohe and Frank Lloyd Wright, most celebrated member of the so-called Prairie School and designer in 1956 of what would have been the world's first one-mile-high building, complete with atomic-powered elevators.

Even without Lloyd Wright's projected leviathan, which perhaps thankfully never progressed beyond the drawing board, the city's peerless 20th century architectural heritage allows Chicago tourist guides positively to wallow in superlatives.

In addition to the Sears Tower – at 1,454 feet, still the Mount Everest of man-made structures –, the Windy City can (and frequently does) boast the world's tallest marble-clad building, the world's tallest masonry-supported building, the world's largest building entirely occupied by a bank, the world's largest fountain and the world's largest indoor salt-water fish tank.

In Chicago, even the local prison (the Cambell Court House Annexe Metropolitan Correctional Centre, as it is more properly titled) is an architectural *piece de resistance*. A parking garage on Lake Street parodies the front view of a Rolls Royce.

In such circumstances, the best-known contemporary architects are unequivocally star material. Their names frequently embellish the city's most exclusive guest lists and its less-read gossip columns. The more so since, as Mr Netsch confides, "the architectural profession is probably as hostile to one another behind backs as any group I am aware of."

No name is a bigger draw than that of Mr Helmut Jahn, an athletic 47-year-old native of West Germany, whose distinctive work is increasingly in evidence throughout the city, from the intriguing O'Hare Airport underground station to the airy Chicago Board of Trade annexe.

All of which makes the controversy surrounding Mr Jahn's futuristic $173m State of Illinois Centre a very big story in Chicago.

Like it or hate it (and veteran Illinois Governor, James "Big Jim" Thompson is arguably its biggest fan) Jahn's design certainly scores full marks for originality. Fronted by the whimsical "monument with standing beast" by French sculptor, Jean Dubuffet, the cavernous 17-storey building perches on Randolph Street within a stone's throw of the Chicago Greyhound Bus Depot, looking for all the world like a stray spaceship.

Unfortunately, as the 3,000 employees staffing the 50-or-so state agencies located in the building have discovered to their discomfort, the air conditioning and heating systems leave a great deal to be desired.

This has finally resulted in writs, as inevitably it would, with Illinois Attorney General Mr Neil Hartigan suing 13 companies, including Murphy Jahn Associates – in which Mr Jahn is a partner – for a total of $20m.

In the summer of 1985, according to the lawsuit, temperatures in the building, which were supposed to be kept no higher than 78 degrees Fahrenheit by a process incorporating giant refrigeration units designed to produce 800,000 lb of ice nightly, occasionally topped 110 degrees.

Last summer, despite repairs, temperatures again exceeded 100 degrees. In the intervening winter, meanwhile, employees were driven to supply their own heaters and gloves to fight the cold.

Now, in a bid to escape blame (and liability) for the problems, Murphy Jahn is itself suing its partner in the design of the building, Lester B. Knight and Associates. The suit contends that Knight and Associates acknowledged that it was "solely responsible" for designing the centre's air conditioning and heating and should therefore pay any damages resulting from Mr Hartigan's action.

Irksome as the prospect of impending court action may be, Mr Jahn and the Murphy Jahn company are not exactly letting the grass grow under their feet in the meantime.

The firm is at work on a staggering list of projects around the world, including the One Liberty Place skyscraper in Philadelphia, a towering convention centre in Frankfurt which is destined to be Europe's tallest building, an office recreation complex in Johannesburg and a daunting cluch of towers and office buildings in New York.

A doubtless intrepid Chicago Sun-Times reporter seeking Mr Jahn's comments regarding the State of Illinois Centre's problems recently was informed that his quarry was "on a plane flying to Germany."

End of an era for UK Socialists as Healey bows out

By Michael Cassell in London

MR DENIS HEALEY, the veteran British Labour Party politician and former defence and finance minister who missed his ultimate goal of leading the party, announced yesterday that he was stepping down from front-line politics.

True to form, Mr Healey upstaged parliamentary colleagues by announcing his resignation on a day of internal jostling for influence within his party.

The one-time communist, who mellowed sufficiently during a parliamentary career which began in 1952 to become his party's deputy leader, said he was stepping down as shadow foreign secretary to make room for one of the new generation of Labour MPs.

"I feel I can serve the Labour Party better as a backbencher with the right to speak on any subject and to question any member of the Government, including the Prime Minister," Mr Healey said.

Mr Healey's decision was made known to Mr Neil Kinnock, the Labour leader, a week ago. Mr Kinnock wanted Mr Healey to stay on and yesterday made it clear that, although he would be missed on the front bench, his experience and knowledge would still be called upon by the party leadership.

Mr Healey, 69, was a wartime major and won military honours for his role as a beachmaster in the battle for Anzio. He has never lost the same combative drive which won him high political office, but which also landed him in deep trouble.

In the last election campaign, he stifled misgivings on Labour's defence policy, although he still managed the sort of gaffe – by suggesting that the Kremlin was praying for a Labour victory – which confirmed his own, self-parody as the "silly billy" of British politics.

He once said that being criticised by Sir Geoffrey Howe, now Foreign Secretary, was "like being savaged by a dead sheep." He described City of London financiers as a "bunch of millionaire barrow boys" and said he intended to squeeze the rich "until the pips squeak."

As Chancellor of the Exchequer, he had to approach the International Monetary Fund for a £10bn ($16bn at current rates) loan.

As Mr Healey stepped down, the joint attempt by leaders of the hard-left Campaign group and the soft-left Tribune group of Labour MPs to get their members to agree on a single list of nominations for the front-bench collapsed.

The proposal was last night put to a meeting of Tribune, which represents about 90 MPs, but it was decisively thrown out after some potential candidates said they would refuse to stand on a joint slate. Tribune MPs will now ballot to decide on their own nominations for the 15-strong parliamentary committee.

The parliamentary party also has to choose a new chief whip, a post to which Mr Derek Foster is expected to be returned unopposed, and a new Parliamentary Labour Party chairman.

Third World relief urged

Continued from Page 1

World Bank. "Debt relief must begin now or it will be virtually impossible to alleviate the world's massive payments disequilibrium without a major economic contraction", Mr Kaufman said.

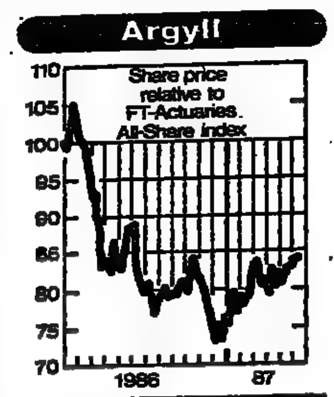
Relief should take the form of partial forgiveness – or cancellation – of past debts by the commercial banks. For the banks such relief would imply the acceptance of losses which have already been partially provided for in the recent round of reserve increases. For the debtor countries, relief would have to be accompanied by economic policy monitoring and increased lending from the World Bank.

THE LEX COLUMN

Argyll clears the shelves

The stock market has for too long been preoccupied with the quantity rather than the quality of earnings which companies report. Far too often acquisitions have been sold to investors as being non-dilutive even from year one, and the accountants have had their work cut out to fulfill the promise. Whether the blame rests with the City of London for its short-term view or with the companies for pandering to it is immaterial.

The tightening of accounting standards which is now beginning to happen is welcome if it brings more reality to reported figures. And, in the same way that the shares of banks which have bolstered Third World debt provisions have generally risen, shareholders need not necessarily be the worse off so long as the old accounting standards have not been used to pad out rather thin earnings.



Argyll's near 10 per cent share price fall yesterday, from 484p to 439p, is an over-reaction to a commendable decision to put above the line £90m of costs relating to the conversion of its Presto stores to the Safeway style.

Those costs, spread over four years, with perhaps half in the current year, will be shown separately, and analysts can choose whether or not to include them in earnings calculations. By excluding them, earnings per share forecasts show a smooth progression upwards; including them will depress this year's earnings (and to a lesser extent the next three-year's) but they will end up in the same place.

As a fair chunk of the £90m does not even involve any real cash – such as writing off the Presto three-shelf fridges to make way for Safeway four-shelf ones – there is an argument for putting them either way.

The long-term benefits of buying Safeway – which, judging by the early signs, will be considerable – are not impaired one jot by the accounting change. And squabbling over the price paid for Safeway is a waste of breath.

The losers may be other companies which are not so open about their post-acquisition costs, and there were some sharp share price falls yesterday elsewhere in the stores sector. It is not a good argument to say that Argyll should put the costs above the line because it is switching its own fascias to those of the acquired, while Tesco and Dee, for instance, should not as they are converting Hillards and Fine Fare into their own formats. In the end the same process is taking place and must be "paid" for.

Meanwhile the quality of earnings of companies such as Marks and Spencer, which does not even employ the retailers' favourite trick of capitalising interest, ought to gain recognition.

What must become clear is that the emphasis retailers have placed on a boosting sales volume through a quick change of store design is not quite as cheap as it appears. And, if it takes some of the speculative froth out of the stores sector, that is all to the good as well.

TSB Group

Nothing, it seems can lift the TSB Group's share price out of a rut which is as deep as the weight of over 2m shareholders can gouge: yesterday's announcement of £132m pre-tax profits for the 23 weeks to end-April was up with the best expectations, yet the shares simply dropped 1p to 93½p, barely ahead of the price at the end of the first day's trading 9 months ago.

Perhaps this was the result of the grim news that TSB's specific provision against bad Third World debt had grown by 50 per cent...to £6m.

It is odd that TSB's share price has performed no better than the more heavily exposed clearers since Citicorp dropped its bombshell. It appears, rather, that some of the other bank's ratings are coming to meet TSB's, which is sustained by the prodigious asset backing, and not by any excitement on the earnings outlook.

If TSB makes pro-forma pre-tax profits of about £310m this year, then it is on a prospective multiple of close to 10, or about the level of National Westminster, after its enlarged Third World write-offs.

If there is a reason to buy TSB stock it is in any case not because of its resemblance to a bank. All the real growth has come from the non-banking operations: without a much higher level of gilt-edged sales, the banking business would have been pushed to show any growth at all. This can partly be attributed to TSB's increased caution in lending – which makes something of a mockery of its advertising slogan.

For TSB is successfully presenting an image to the stock market of prudence bordering on the boring. Yet with no need to issue another share this century, TSB is under no pressure to appear more exciting.

Trusthouse Forte

There is nothing wrong with Trusthouse Forte's interim profits of £43.8m, of course, but the market loves a story. And THF's statement was concise to the point of being terse. So the 4p fall in the share price to 252p could be described as a form of boredom. Yet THF was if anything sticking its neck out by including in its figures a forecast for the full year performance of the Imperial businesses acquired last year from Hanson Trust. Perhaps THF could not wait to prove to everyone that it had not overpaid, yet the achievement of doubling the trading profits at "Happy Eater" et al is presumably what it expected when it forked out its £190m.

A fair measure of the 19 per cent pre-tax profits improvement must be attributed not to trading, but the sale and leaseback of the hotels in the US, which has depressed both the depreciation rate and the interest charge. And perhaps the purist would not include in profits the £4.9m from the Savoy Group, since it is a business over which THF, to its chagrin, has no management control. Mr Rocco Forte's insistence yesterday that he would not bid for the Savoy had an inevitable consequence: the Savoy 'B' shares jumped £15 to £170 each.

David Dodwell explains a difference of opinion over Hong Kong

Democracy may depend on a word

AS THE PROSPECT of a Sino-British confrontation over the pace and direction of political reform in Hong Kong has soared and subsided over the past week, any clear understanding of the reason for controversy would have been impossible without knowing the coded meaning of a single word. That word is "convergence".

While Chinese officials insisted that agreement on the principle of convergence ruled out major democratic reforms in the territory before 1990, British and Hong Kong government officials were insisting – rather more discretely – that if an overwhelming majority of Hong Kong people were baying for democratic reforms next year, then in the interests of convergence the government should provide them.

To the perplexed outside observer, about all that the two sides seemed to agree on was their shared commitment to the principle of convergence.

The word emerged in the Sino-British diplomatic lexicon in November 1985, shortly after an outburst by Mr Xu Jiatun, the head of China's diplomatic mission in Hong Kong, in which he told a selected group of Chinese journalists that Britain was acting in breach of the Sino-British joint declaration.

This historic agreement, signed a year earlier after two years of fractious secret negotiation, laid the ground for China to regain sovereignity over Hong Kong in 1997 after more than 150 years of British colonial rule.

Chinese officials were deeply suspicious that Britain would twist the letter of the agreement to preserve British colonial influence beyond 1997, and had become alarmed that political reforms then being discussed in the territory would have the effect of frustrating China's resumption of power.

Government discussions following hard on the heels of Mr Xu's outburst evidently eased Peking's anxieties – but only after Britain had committed itself to the principle of convergence.

Insofar as this word today has an objective meaning, rather than being an emotionally-bandied trigger-word uttered whenever British bad faith is suspected, it means that Britain accepts that Hong Kong's post-1997 constitution will be determined by China, and accepts that reforms that are likely to be at odds with this constitution will not be pursued.

Sir David Wilson

Sir David Wilson, Hong Kong's new governor, recently described the process in a bridge-building metaphor. As the two sides were on the opposite banks of a river, building a bridge for a successful transition from British to Chinese sovereignty, there was no point, he said, in starting to build at a different point on the river from China.

Peking officials began last year to draft the basic law that will define Hong Kong's post-1997 constitution, and this should be ready in 1990.

In the meanwhile, there has been increasing anxiety on China's part that Britain might "tie its hands" by putting in place before 1990, political institutions that could not be dismantled without embarrassment.

For China, therefore, the principle of convergence suggests that Britain should allow no major political changes before 1990, after which time changes would be acceptable if in keeping with the basic law.

Controversy over convergence has emerged in recent weeks as a summer-long debate has got under way on a Hong Kong Government green paper (discussion document) on political reform. This is a discussion document outlining various possibilities for the development of the Legislative Council, the territory's effective parliament.

One option – and the one attracting fiercest local debate – is for the introduction of direct elections for an unspecified number of "legco seats" in 1988.

Chinese officials have made it clear for many months that they are opposed to direct elections next year. Since debate has begun in earnest on the green paper, they have become increasingly outspoken.

Mr Deng Xiaoping is prominent among those suggesting that democratic politics might not be best suited to Hong Kong.

But a wholly new dimension was added last week when Mr Li Hou, second-in-command of Peking's Hong Kong and Macao Affairs Office, was reported in an official publication as saying that Britain was acting in breach of the Sino-British joint declaration by offering the option of direct elections.

In the confusion that has followed, which has involved secret talks between Sir David Wilson and Mr Wu Xueqian, China's Foreign Minister, and then a claim that Mr Li Hou had been inaccurately quoted, the critical bone of contention has again emerged to be that of convergence.

Li Jinhua, a Chinese Foreign Ministry spokeswoman, warned on Wednesday that political reform in Hong Kong must not breach the future basic law, and that convergence with the basic law was the only way "to ensure a smooth transfer of government and continued stability and prosperity in Hong Kong throughout the 1990s."

Another Hong Kong-based Chinese official was more explicit: "If the trend towards direct elections comes to an irreversible stage later this year, China may be forced to overrule such a system at some future date," he said.

"Such a move would surely have greater repercussions in the territory than any caused so far by Mr Li's warning."

Whether such comments amount to interference in the Hong Kong Government's affairs – something China agreed in the joint declaration to avoid before 1997 – is moot.

It is moot also whether reforms based on overwhelming public support in Hong Kong could in any way be at odds with the commitment to convergence.

Hong Kong officials have argued that because China is supposed to be listening to, and taking account of, public opinion just as the local government is, then it ought to be converging on the same conclusions about the preferred pace and direction of reform.

Meanwhile, the debate over political reform continues, with business groups and pro-China labour groups insisting that direct elections before 1992 would be ill-advised, and professional groups, academics and students appearing to press for prompter change.

Hong Kong Government officials insist simply that no option has been ruled out, and that when the time comes for it to make recommendations, the views expressed over the summer will be taken into account.

Some have hinted that it would indeed be a pyrrhic victory for local advocates of democracy if direct elections were introduced in 1988, but then later abandoned because China did not build them into the basic law.

The implication of this is that the Hong Kong Government may be orchestrating the current debate much more for the benefit of Chinese law drafters – who would be hard-pressed to ignore overwhelming demands for direct elections – than with the aim of achieving any specific reforms in 1988.

Recalling Sir David Wilson's metaphor, the Hong Kong Government may see it as much more important in the cause of convergence to get China to start building its side of the bridge in the right place than to do any building at all of its own right now.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	23	73	Dubrovnik	S	25	77	Malta	S	28	82	Rhodes	S	26	79
Algiers	S	35	95	Edinburgh	C	13	55	Manchester	R	14	57	Rio de J'o	C	23	73
Amsterdam	S	18	64	Faro	S	26	78	Manila	S	32	90	Rome	S	24	75
Athens	S	28	82	Florence	–	–	–	Melbourne	F	13	55	Salzburg	F	18	64
Bahrain	S	38	100	Frankfurt	S	17	63	Mexico City	C	27	81	San Francisco	C	26	79
Bangkok	S	35	95	Funchal	–	–	–	Miami	C	33	92	Seoul	S	31	88
Barcelona	S	24	75	Geneva	S	23	73	Milan	S	26	79	Singapore	S	32	90
Beirut	S	28	82	Gibraltar	S	21	70	Montreal	C	32	90	Stockholm	F	17	63
Belfast	R	11	52	Glasgow	F	15	59	Moscow	C	24	75	Strasbourg	F	20	68
Belgrade	F	25	77	Guernsey	Fg	14	57	Munich	F	17	63	Sydney	F	16	61
Berlin	C	15	59	Helsinki	C	15	59	Nairobi	F	23	73	Taipei	C	23	73
Biarritz	C	23	73	H. Kong	F	31	88	Naples	S	26	79	Tangier	S	29	84
Bombay	F	33	91	Innsbruck	S	21	70	Nassau	C	33	91	Tel Aviv	S	28	82
Bordeaux	C	24	75	Inverness	C	12	54	New Delhi	S	39	102	Tenerife	S	26	79
Brussels	F	18	64	Islamabad	C	41	106	New York	C	28	82	Tokyo	C	24	75
Budapest	S	22	72	Istanbul	S	26	79	Nice	S	22	72	Toronto	C	31	88
B. Aires	S	14	57	Jakarta	R	33	91	Nicosia	S	34	93	Tunis	S	27	81
Cairo	S	31	88	Jersey	C	15	59	Oporto	S	21	70	Valencia	S	28	82
Cape Town	C	16	61	Jo'burg	F	14	57	Oslo	F	13	55	Venice	S	24	75
Caracas	C	26	79	Lima	C	20	70	Paris	F	20	68	Vienna	F	19	66
Casablanca	S	25	77	Lisbon	S	30	86	Peking	–	–	–	Warsaw	R	16	59
Chicago	S	33	91	London	C	17	63	Prague	C	15	59	Washington	–	–	–
Cologne	S	17	63	Los Angeles	C	28	82	Reykjavik	R	10	50	Zurich	S	20	68
Copenhagen	C	14	57	Luxembourg	F	15	59								
Corfu	S	26	79	Madrid	F	30	86								
Dallas	–	–	–	Majorca	S	28	82								
Dublin	F	18	64	Malaga	F	25	77								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

EC airline reforms threatened

Continued from Page 1

Tuesday's deadline is critical for the fate of the airline proposals because, after the introduction on July 1 of the Single European Act, designed to streamline Community decision making, new legal and consulative procedures are expected to slow up any new attempt to agree a deal.

Mr Channon said the delay would be "certainly months, probably years, and possibly for ever. If the package doesn't go through there is a real risk that it will be years before better air services and cheaper fares are introduced for Community travellers."

Spain's action came at the end of a day of high drama with the fate of the airline reforms – designed to inject more competition into the European aviation industry and lead to cheaper fares for travellers – hinging on the outcome of bilateral negotiations between Britain and Madrid.

Several suggestions were made during the talks – including a British offer that Spain could append a joint declaration making clear that the terms of the airline deal did not prejudice the outcome of the wider discussions between the two sides. Mr Caballero, however, said that "such a statement would not have sufficient value to prevent a modification to the status quo for Gibraltar".

Besides the highly sensitive sovereignty issue, Spanish concern appears to focus on the fact that the terms of the deal would automatically sanction the introduction of new services between Spain and Gibraltar and open up the possibility of more cheap flights between major European cities and the Rock (with possibly damaging commercial consequences for Spanish airlines).

Britain's position is that Gibraltar is unambiguously part of the Community under Article 227 of the Treaty of Rome and that Spain will have to change its position. Neither side expressed much confidence last night that the deadlock would be broken by next Tuesday.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday June 26 1987

Henkel offers FFr 2bn for French company

BY HAIG SIMONIAN IN FRANKFURT AND GEORGE GRAHAM IN PARIS

HENKEL, the West German speciality chemicals and detergents group, has reached preliminary agreement to take over Lesieur-Cotelle, the French washing and detergents company for FFr 2bn ($326.5m).

The deal has still to be put to worker-management boards at the two companies and requires the approval of the French Government.

The price Henkel is to pay for Lesieur Cotelle, which includes all of its detergent and cleaning product operations, is 39 times its 1986 profits of FFr 53m, and one and a half times its annual turnover of FFr 1.354bn.

Henkel is already active in the French market under its own name and through subsidiaries such as Sidobre-Sinnova. It employs 2,600 in France and had a turnover there of DM 974m ($532m) in 1986.

The sale follows the takeover in November last year of Lesieur by St Louis Bouchon, France's second largest sugar manufacturer. St Louis's takeover bid valued the whole of Lesieur, which mainly produces cooking oils, at only FFr 2.37bn.

Mr Bernard Dumon, St Louis's chairman, said at the time of the merger that the new group would be centred on food products where it held the number one or number two position in the French market. In the cleaning products area St Louis occupied a weaker position.

Henkel has been expanding rapidly in recent years while going through a substantial restructuring process. Its profits rose by 28 per cent to DM 226m last year, and the group, which is still privately owned, anticipates an increase to around DM 270m this year.

The latest takeover will come as a major boost to Henkel's foreign expansion plans, while allowing Lesieur-Cotelle's parent company to fulfill its plans of concentrating on the food business. In 1971, Henkel bought the company's washing powder and production facilities in Reims.

However, the takeover is a large one even by Henkel's recent standards and it has been suggested that it may have had to pay a very full price because both Unilever and Colgate-Palmolive were sniffing around Lesieur-Cotelle.

W German metal group outlines plans

By Bernard Simon in Calgary

METALLGESELLSCHAFT, the West German metals and engineering group, plans to balance its expanding mining business between precious and base metal projects in North America, Australia and the Third World. This was stated by Dr Klaus Zeitler, president of Metall Mining Corporation (MMC), the German group's Toronto-based subsidiary which is in the closing stages of its first public share offering.

MMC, which is Metallgesellshaft's main worldwide mining vehicle, will raise C$166m (US$124m) from the offering to finance new investments. The size of the issue, which includes a C$36m tranche bought by Agip, the Italian energy group, is more than double the amount initially planned last April.

The remaining C$130m will be divided roughly equally between European and Canadian investors.

The share issue will give MMC a debt-free balance sheet and working capital of around C$130m.

Dr Zeitler said that the company has no immediate investment targets. Its plans to expand its participation in joint ventures, especially in partnership with companies which already have an association with the German group, such as Teck and Cominco of Canada and the Australian company, MIM Holdings.

Besides its minority equity interests in these Canadian and Australian groups, MMC has a stake in a number of specific projects in Canada, Australia and Turkey, as well as the Ok Tedi gold and copper mine in Papua New Guinea. MMC's net asset value is around C$450m.

Dr Zeitler said that long term projects may include an expansion of Cominco's zinc smelter at Trail, British Columbia, from an annual capacity of 300,000 tons to 400,000 tons. A new lead smelter at Trail is due to come on stream in 1989.

Dispute between Chris-Craft and Warner breaks into the open

BY WILLIAM HALL IN NEW YORK

THE LONG, simmering dispute between Warner Communications, the US entertainment and communications company, and its biggest shareholder, Chris-Craft Industries, has broken out into the open with Chris-Craft losing a proxy battle to get one of its directors re-elected to the Warner board.

Following a crowded annual general meeting in New York on Wednesday, Warner announced that its shareholders had approved the re-election of four of its directors, excluding Mr Howard Arvey, a Chicago lawyer and one of five Chris-Craft representatives sitting on the Warner board.

Warner's board had originally planned to support the re-election of Mr Arvey but withdrew its support when Mr Herbert Siegel, the founder of Chris-Craft Industries, refused to confirm that he would support Warner's list of directors at the annual general meeting.

Mr Siegel rescued Warner from an unfriendly takeover bid by Mr Rupert Murdoch, the Australian-born publishing magnate, three and a half years ago. It took an effective 17 per cent stake in Warner, which was reeling from massive losses incurred during its involvement with its Atari video games unit.

However, the "friendly" investment quickly turned sour and friction between Mr Steven Ross, who has headed Warner for 25 years, and Mr Siegel has increased. In particular, Mr Siegel has attacked Mr Ross's generous new employment contract.

Earlier this year, he issued a statement saying that Warner's board of directors had "frequently acted in bad faith, has failed to exercise prudent and responsible business judgment, has consistently kept itself uninformed as to the most basic of issues and has adopted a policy of 'rubber-stamping' all the management requests".

Warner has offered Mr Siegel $1.25bn to buy back the Chris-Craft stake but this has been rebuffed. Wall Street analysts speculated yesterday that by dropping its support for the renomination of the Chris-Craft directors, Warner was putting pressure on Mr Siegel to settle a dispute which has "created uncertainties at the operational level of the company".

Mr Ross went to some lengths yesterday to underline the dramatic transformation in the fortunes of the 25-year-old Warner Communications, which he described as "one of the strongest entertainment and communications companies in the world".

He noted that Warner's market value has risen from $12.4m, when it went public, to well over $5bn now and that the compounded average annual return to shareholders over the last 10 years was 23 per cent a year.

"Warner Brothers has been the most successful motion picture company in the world for the last 17 years", and "our record company has been the most profitable in the industry, including foreign competitors, seven out of the last 10 years", said Mr Ross.

Warner has been completely restructured and the residual holdings in the companies it has sold are now worth $700m, yet they are carried in the books at $75m.

Dainippon Ink makes $460m bid for Reichhold Chemicals

BY JAMES BUCHAN IN NEW YORK

DAINIPPON INK and Chemicals, the large Japanese chemicalgroup which has been expanding aggressively in the US, yesterday launched an unexpected offer of $52.50 a share, or about $460m, for control of Reichhold Chemicals, an US maker of industrial adhesives and polymers.

The offer, announced in newspaper advertisements yesterday morning, sent Reichhold's stock soaring as Wall Street prepared for a full-scale auction for the company, which is based in White Plains, New York.

Reichholds's stock price, which has risen strongly this year in anticipation of a sharp recovery in earnings, leapt $10⅞ in early trading yesterday morning to $59, valuing the company at $520m on a fully-diluted basis.

Analysts speculate that other Japanese and European chemical groups, whose home currencies have appreciated against the US dollar, may be interested in buying Reichhold, which has almost completed a large-scale restructuring.

Reichhold's management might also seek to recapitalise the company or take it private. "I think the company is in play," said Mr Leonard Bogner, a chemicals industry analyst at Prudential Bache.

Reichhold said yesterday that it was studying the offer, which surprised Wall Street with its aggressiveness.

Dainippon says it already owns 4.5 per cent of Reichhold." It said it was filing a lawsuit against the company and its directors to redeem certain rights attached to shares introduced as part of a "poison-pill" defence in April.

Last year, Dainippon made an unsuccessful hostile offer for Sun Chemical, but ended up buying the company's inks division for about some $550m. "They got the bit they wanted," said Mr Robert Reitzes, an analyst at Mabon Nugent.

Reichhold, which has sold off its commodity chemicals businesses in favour of concentration on higher-technology uses, reported net income last year of only $8m on sales of $766m.

However, earnings are expected at least to double this year.

Saab-Scania earnings hit by dollar fall

By Sara Webb in Stockholm

SAAB-SCANIA, the Swedish automobile and aerospace group, reported a 15.5 per cent drop in profits in the first four months. This was due chiefly to lower profits in its car division, a consequence of the lower dollar.

Profits (after financial items) were SKr 887m ($139m), compared with SKr 1.05bn a year ago. Sales, however, climbed 16 per cent to SKr 13.257bn, against SKr 11.422bn the previous year.

Saab-Scania expects profits (before allocations) for the full year to be about SKr 2.9bn, which represents a 12–13 per cent drop on last year's record figure of SKr 3.3bn. This is the first time in a decade that annual profits have declined.

The group said overseas sales had increased by 20 per cent to SKr 8,827bn.

Lorimar to sell television stakes

BY OUR NEW YORK STAFF

LORIMAR TELEPICTURES, the leading US independent television production company whose programmes include Dallas, Falcon Crest, Knots Landing and People's Court, has formally abandoned its ambitions to grow into a broadly based media conglomerate.

The company, formed less than two years ago by the merger of two of Hollywood's largest TV production studios, says it is planning to sell its holdings of television stations, publishing interests and advertising agencies, which it had been expensively expanding in the past 18 months.

Lorimar also says it will take a charge of $31m to cover losses in its home video operations, where three senior managers were recently dismissed for "conflicts of interest".

The immediate effect of the restructuring will be to generate a net loss of $63m in the current quarter and a loss of approximately $59m for the year ended March 31. No comparable figures are available for the year earlier because the merger between Lorimar and Telepictures was completed only in February 1986.

The losses were essentially attributable to "one-time charges that reflect positioning our company for profitable growth, not operating problems that will continue into the future", said Mr Merv Adelson, Lorimar's chairman.

The company now plans to concentrate on its core television, motion picture and home video production businesses. These core businesses would constitute a company with a net worth of nearly $400m.

Imasco set to cut stake in TrustCo

By Robert Gibbens in Montreal

IMASCO, the tobacco products, fast food and retailing group, is ready to reduce its interest of almost 100 per cent in Canada TrustCo to 65 per cent under federal policy guidelines. But it will fight for the freedom to expand its financial services arm without restriction.

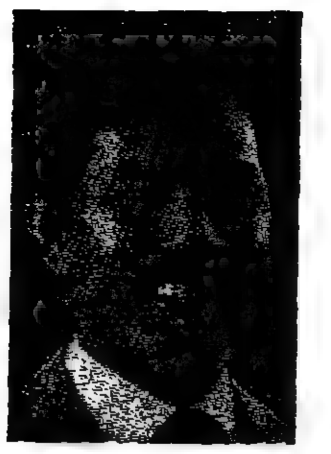
Imasco acquired Canada TrustCo, the country's second largest trust company, a year ago with the takeover of Genstar, a Vancouver-based conglomerate. It has since sold most of Genstar's non-financial assets, leaving the net cost of Canada TrustCo at about C$1.8bn ($1.35bn).

The Government has proposed that all conglomerates reduce their holdings in financial institutions to a maximum 65 per cent. However, it also says the growth of such institutions will be restricted.

INTERNATIONAL COMPANIES and FINANCE

MMC's image begins to sparkle

Mr Ibrahim Menudin, chief executive of Malaysia Mining, has embarked on diversification taking his group into gold, silver and diamonds. Roger Matthews and Wong Sulong in Kuala Lumpur examine the company's prospects



THE COVER of this year's annual report for Malaysia Mining Corporation, one of the world's biggest tin mining companies, shows three tin ingots sparkling like diamonds.

That, according to its directors, reflects literally the reversal of the company's image.

"For us, tin is now a secondary business," says Mr Ibrahim Menudin, MMC's group chief executive.

He adds that the group is emerging from the ravages of the 1985 tin price collapse, and is setting its sights on becoming an international mining house.

The plan is to expand beyond Malaysia, and to invest in the search for diamonds, gold and other precious minerals.

This aggressive diversification is understandable following the sharp slide in earnings in recent years. Pre-tax profits have fallen from 69.6m ringgitt (US$27.8m) in 1984 to 15.4m ringgit. The group had to slash its dividend from 3.6 cents a share to 1.2 cents.

Tan Sri Nasaruddin Mohamed, the chairman, stressed the group "remains committed to maintaining its eminence in the tin industry." However, it could no longer rely entirely on tin for its earnings base.

Already, MMC has a respectable range of interests outside the tin industry. Ashton Mining of Australia, its 46 per cent-owned associate, has a 38 per cent stake in the Argyle diamond project in Western Australia. The project is the world's biggest diamond producer, and turned out 29.2m carats of diamonds last year, although the bulk of it is non-gem quality.

Mr Ibrahim said he was expecting Ashton to contribute between 30 and 35 per cent of MMC's earnings in the next three to five years. Last year Ashton made a profit of A$29m (US$20.8m).

Last month, MMC announced a rights issue to raise 103m ringgit, part of which will go to finance its new exploration activities. These will particularly concentrate on gold prospecting in Thailand, Indonesia and Alaska.

It has located some gold and silver deposits in Malaysia, and is making a final evaluation on the Mengapur find in Pahang. An investment of between 100m ringgit and 300m ringgit is required if it is decided to exploit the deposit.

MMC executives say its international development programme should not be constrained by restrictive equity requirements imposed by an increasing number of resource-rich countries, noting that Malaysia itself had adopted similar policies. In the four promising areas which MMC is prospecting, the company has been permitted a stake of at least 40 per cent.

If this is not enough to put a sparkle back into MMC's performance, its directors are also exploiting the group's long-established engineering expertise.

Its engineering division has secured and in some cases completed several major engineering contracts for Petronas, the national oil company, as well as the National Electricity Board

Meanwhile, there is increasing market speculation on the future of MMC's 15.3 per cent investment *in Sime Darby*, the plantations group. MMC officials did nothing to dampen the speculation this week by con*firming* that an announcement on the future of its Sime Darby holding would be made within a few months.

At current market prices, the stake is worth 564m ringgit which, if realised, could give MMC a range of opportunites for acquisitions and expansion.

Last week's announcement by Charter Consolidated of the UK that it has sold its 13.8 per cent stake in MMC for £38m ($60.8m) appears to have caused little anxiety to its Malaysian management.

Executives said they saw the sale as evidence of Charter's desire to concentrate more on the manufacturing sector, leaving mining to Anglo American, its parent.

Charter was MMC's second largest shareholder. Almost 50 per cent of the company is held by Permodalan Nasional, the Malaysian government investment agency.

Mr Ibrahim characterised MMC's past decade as "five fat years, followed by five lean years" and expressed cautious optimism of rising *earnings*.

The stock market has pushed up the company's share price from a low of 65 cents at the *height of the tin crisis* last year to 3.2 ringgit this week.

Sterns Diamond returns to profits

By Jim Jones in Johannesburg

Sterns Diamond Organisation, the South African retail jewellery chain which has just been acquired by British interests, returned to profits in the year to March and expects a further profit advance in the current financial year.

Turnover rose by 24 per cent to an undisclosed level *and the* trading profit before interest and tax almost doubled to R3.23m ($1.6m) from R1.67m. The pre-tax profit was R3.30m, which compares with a loss of R181,000 in the previous year.

Control of Sterns has been *acquired from* the Barnett family by Sylvcrest, a company incorporated in the UK, Sylvcrest paid the Barnetts R6.22m, which is equivalent to $1.83m at the current financial rand exchange rate, for their 1.32m shares.

A *comparable offer* at 341.1 cents a share is soon to be made to Sterns' other shareholders who own 1.92m shares.

Sterns has no direct links with the Israeli-owned world-wide jewellery manu*facturing* and retail chain of the same name.

Net earnings were 56.9 cents a share in the year just ended, against a deficit of 10.2 cents in the preceding year.

State boosts SIA share offer

THE SINGAPORE Government has cut its shareholding in Singapore Airlines (SIA), the island's flag carrier from 62.9 *per cent to 53.5 per cent*, thus satifying all the 7,228 applicants who applied for its latest share offer.

After floating 30m shares at S$13 each, an additional 16.2m shares will be offered. Net proceeds are about S$601.1m (US$283.5m), writes Ong Li-Er in Singapore.

Some 48 per cent were applications from overseas investors. According to one foreign brok*ing firm. A total of about 20m* shares have been allocated to foreign applicants who will have to join a queue for registration.

The limit on foreign ownership is expected to be lifted from 20 per cent to 25 per cent at a shareholders' meeting in *August. Upon approval, an* additional 30.9m SIA shares will be eligible for registration.

Meanwhile, there has been talk that foreign institutions which are not keen to join the registration queue have decided *to buy from the open market*, which would place them ahead of those allotted shares from the offer.

Bonds Coats stake bought

LINTER and Entrad, two Australian textiles companies, have formed a joint venture to buy shares in Bonds Coats Patons, textiles producer, which has received a takeover bid from Pacific Dunlop, AP-DJ *reports from Sydney*

They have acquired 11 per cent of Bonds Coats, in which Coats Viyella of Britain has a 54.5 per cent stake.

The bid by Pacific Dunlop is A$5.75 a share. The joint venture has been buying Bonds Coats *shares on the market* at up to A$6.20.

Offer made for Italian state cement company

By Alan Friedman in Milan

A JOINT offer for Cementir, the cement subsidiary of Italy's Iri-Finsider state steel group, has been made by a consortium consisting of the cement companies controlled by the Agnelli, Ferruzzi and Pesenti groups.

While there is believed to be another domestic offer for Cementir, the revealed bid is considered the front-runner.

In April, the loss-making Finsider asked Paribas, the French merchant bank, to handle the disposal of its 51 per cent shareholding in Cementir, which is also quoted on the Milan bourse. It is not known how much the Agnelli-Ferruzzi-Pesenti consortium is offering, but Cementir's market capitalisation stands at L393bn (US$297m).

Lawyers handling the privatisation offer put the finished touches on the bid on Wednesday. The consortium consists of Unicem, the cement company controlled by the Agnelli family's Ifi Holding vehicle; Calcestruzzi, the company controlled by Ferruzzi; and Italcementi, the Pesenti family's cement business.

Cementir last year made a L30.3bn net profit on L250bn of turnover.

The Cementir privatisation is one of two such deals currently nearing resolution in Rome. The other is the Eni state energy group's plan to sell Lanerossi, its yarn and textile subsidiary. A consortium made up of Benetton and Inghirami is the front-runner on the Lanerossi deal, which is also being handled by Paribas.

● Ferruzzi, has acquired, from Montedison, control of Mira Lanza, Italy's largest detergent manufacturer. Pafinvest, a Ferruzzi financial subsidiary, paid L58bn for a 29.9 per cent stake in Mira Lanza. This brought Ferruzzi's holding up to 55 per cent.

Mira Lanza, which in 1986 had total sales of L396bn ($299m), was previously controlled jointly by Ferruzzi and Montedison. Ferruzzi has effective control of Montedison by virtue of its recetly acquired 40 per cent holding in the chemicals, energy and financial services group.

Spanish utility suffers heavy loss

BY DAVID WHITE IN MADRID

FECSA, THE Spanish electrical utility which is negotiating with foreign and Spanish banks in order to ease a $4.8bn debt burden, yesterday announced losses of Pta 12.7bn ($100m) for 1986, with deferred costs of Pta 22.8bn.

The loss, which represents more than 9 per cent of turnover, compares with a declared pre-tax profit of Pta 5.7bn in its accounts for 1985, which were criticised by Arthur Andersen, the auditors, for failing to comply with internationally-accepted accounting standards.

Mr Luis Magana, the chairman appointed after Fecsa's shares were suspended in February, said the necessary adjustments had been made in the 1986 accounts for the criticised practices—notably, the degree to which the company had been capitalising expenses.

However, the auditors still expressed a reservation with respect to its deferred costs, for which rules still have to be set under a new legal framework for the electrical sector in Spain.

Mr Magana, who faces his first shareholders' meeting tomorrow, said the loss was virtually half of what it would have been without last year's favourable change in exchange rates.

He said this year was "not going to be easy." It was unlikely to provide improved results as the viability plan under discussion with creditors would have an impact on only a fraction of the year.

Fecsa, which has suspended principal repayments to bank creditors had total debts including bonds of Pta 616.7bn ($4.8bn), at the end of 1986. Of this, Pta 188.6bn was in foreign currency.

After lifting its threat to enforce a unilateral reduction of interest on bank loans Fecsa held its first meeting with a negotiating committee of bank creditors on Tuesday. Mr Magana described the atmosphere as "frankly constructive." However, further meeting has not yet been fixed.

Other Spanish electrical companies have injected Pta 16bn into Fecsa, through a recent 25 per cent capital increase in which shares were offered at 70 per cent of their nominal value. The operation, in which small shareholders took a minor part, raised Fecsa's nominal capital to Pta 115.9bn.

More than a third of last year's declared loss—Pta 4.5bn —came from mining subsidiaries, which along with a heavy rate of recent investment set Fecsa apart from other companies in the sector, Mr Magana said. In the past 10 years, its mining interests had accumulated losses of Pta 60bn.

Deutsche Bank to incorporate Asian unit

BY HAIG SIMONIAN IN FRANKFURT

DEUTSCHE BANK (Asia), the former European Asian Bank, which is now wholly-owned by Deutsche Bank, West Germany's largest commercial bank, is to be gradually dismantled and incorporated into its parent's network.

The news follows Deutsche Bank's purchase of the outstanding 25 per cent stake in Deutsche Bank (Asia) from Creditanstalt-Bankverein of Austria at the end of April.

Deutsche Bank (Asia) has 20 branches and subsidiaries from Pakistan to Korea, and according to plans announced in stages to staff of the Hamburg-based bank, a number of senior employees will be relocated to local branch offices in the Far East.

Some 30 or more senior staff will go to a new regional centre in Singapore, which will supervise the bank's Far East business.

The rump of the workforce wil be transferred to Deutsche Bank's Frankfurt headquarters, where they will form a Far East department within its international division. Deutsche Bank has concentrated on investment banking in the Far East rather than developing any substantial commercial banking presence there.

Those employees not wishing to move to Frankfurt are expected to be offered jobs in Deutsche Bank's domestic branches in the Hamburg area.

The move is unsurprising since Deutsche Bank gained full control of Deutsche Bank (Asia). No decision has yet been reached, but the eventual closure of the bank's Hamburg base seems likely, as does the disappearance of its name.

The disappearance of Deutsche Bank (Asia) marks another nail in the coffin of consortium banking—European Asian Bank started life with seven international shareholders.

Closing down the bank as an independent unit will also mean its results will no longer have to be reported separately.

European Asian Bank's heavy loan losses in 1984 and 1985 were a costly embarrassment for its remaining shareholders. Although these troubles have been left behind, the eventual consolidation of the bank's results into those of its parent will make any future problems that much harder for outsiders to detect.

Nipping such difficulties in the bud was probably one of the main reasons behind Deutsche Bank's initial decision to absorb the bank.

Finnish group lifts early earnings to FM282m

BY OLLI VIRTANEN IN HELSINKI

NOKIA, FINLAND'S largest industrial group with interests in electronics, cable, paper and rubber industries, virtually doubled its profit before tax and minority interests to FM 282m ($63.6m) during the first four months of 1987 from FM 140m in the same period last year.

Net profit attributable to shareholders rose from 3.9 per cent to 6.9 per cent as a percentage of net sales, while earnings per share from 2.3 per cent to 3.9 per cent. The group net sales rose 12 per cent to FM 4.1bn for the period.

Electronics, which accounts for 45 per cent of the group's net sales, rose 24 per cent to FM 1.8bn. The rubber and flooring business shrank by 13 per cent to FM 343m.

The improved performance is mainly attributed to the stronger performance in electronics, notably in the Luxor consumer electronics sector, which has performed poorly in the past.

Mr Kari Kairamo, Nokai chairman, regards the outlook for 1987 as good. Group net sales are expected to grow by "More than 10 per cent" while profit before tax and minority interests will show a "clear improvement" on the 1986 figure of FM 694m.

Shell joins Dutch group for bio venture

By Tony Jackson

SHELL is to form a worldwide joint venture with Gist-Brocades, the Dutch pharmaceutical and chemical company, to make industrial enzymes. With sales of $120m and 850 employees, the venture is claimed to be the world's second biggest producer of industrial enzymes after Novo of Denmark.

To be known as General Bio-Synthetics (GBS), the company will put together the manufacturing facilities of both companies in Belgium, the UK and US. The chief executive will be Mr Andrew Oliver, head of the Shell subsidiary Ward Blenkinsop, which will be part of the venture.

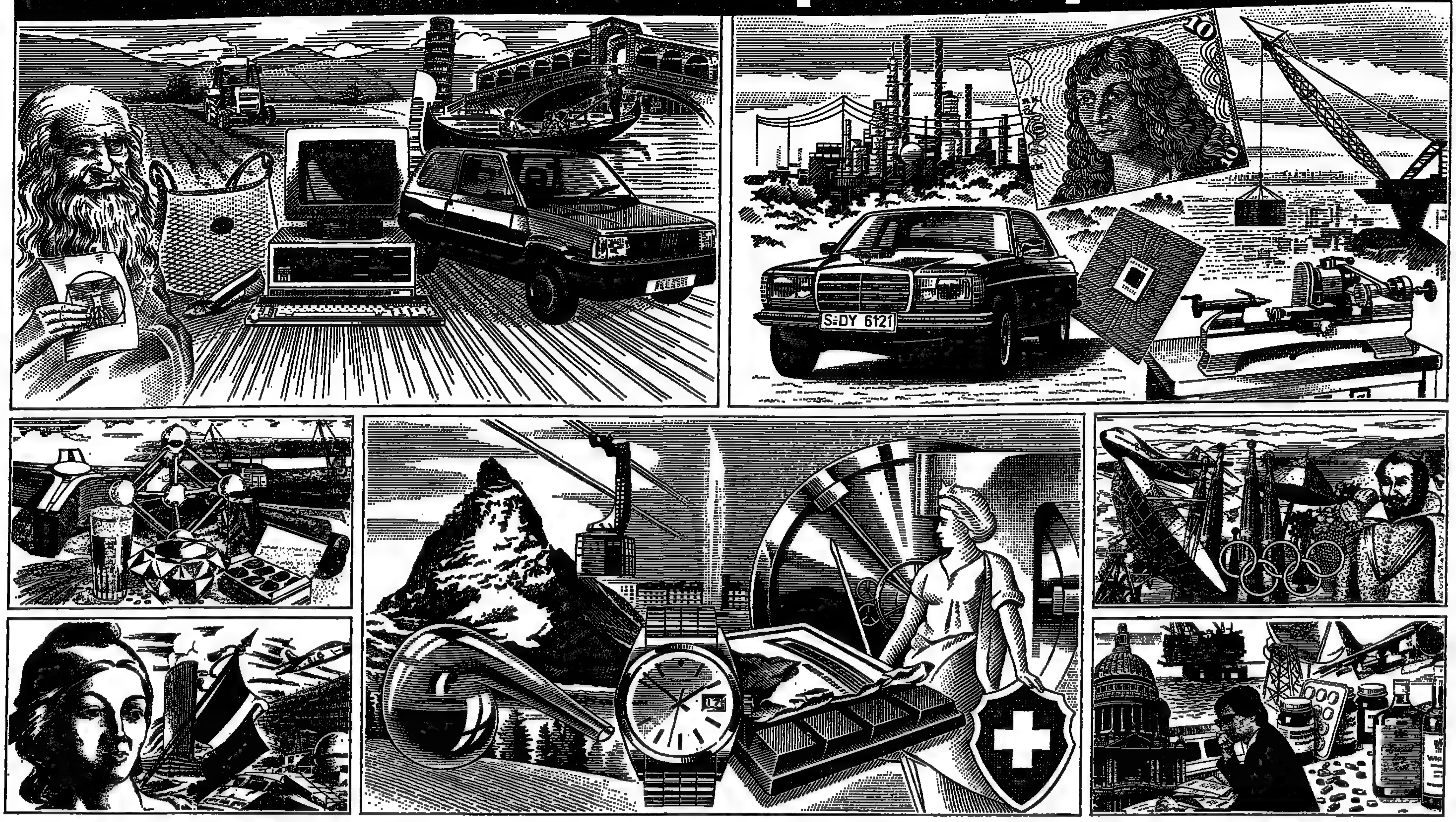
GBS aims to apply biotechnology techniques to enzyme production, and to launch businesses making biotechnological versions of fine chemicals, polymers and pesticides. The two companies have co-operated in research in these areas since 1981.

Enzymes for the food industry are to remain with Gist-Brocades.

Varta sales slip

VARTA, the West German battery producer, expects another satisfactory profit in 1987 despite a fall in turnover for the first five months, reports Reuter.

More from the European Specialist



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Time to Buy The German Stockmarket has been unselectively sold on exaggerated fears of the effects on exports of the high Deutsche Mark and is now, we believe, substantially undervalued. It lists many world-leading companies that should feature in any well-balanced portfolio and their attractions, at current levels, are fast becoming evident to the large institutional investors of the USA and Japan.

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Investment Opportunities Switzerland offers a useful combination of strong, defensive investment (such as banking) with excellent individual investment opportunities – in particular, the increasing number of high quality companies seeking new listings. Another potential source of growth for UK investors is, of course, the continuing strength of the Swiss Franc.

The Fund Duménil Swiss Growth Fund is a UK authorised unit trust aiming for maximum capital growth through selective and active investment in the Swiss Stockmarkets. The fund will be managed by Duménil Unit Trust Management Limited in London. Advisers to the fund are Pictet & Co. in Geneva, one of the world's leading private banks, established in 1805, who manage assets of £12 billion and are widely respected in Switzerland and abroad for the quality of their research and analysis.

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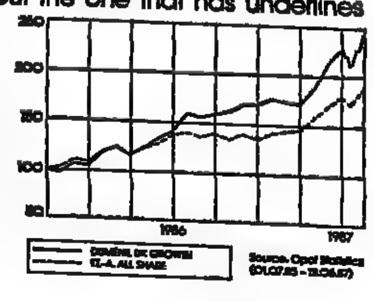

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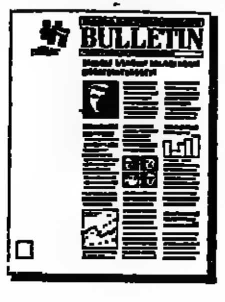

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Glut of warrant issues forces Toyota coupon up

BY CLARE PEARSON

NOMURA INTERNATIONAL braved what one dealer termed an "ugly" Japanese corporate equity warrants bond market yesterday to launch a $800m deal for Toyota Motor, believed to be the largest equity warrants bond yet seen.

Recent equity warrants deals for Japanese companies were trading well outside their fees, reflecting the oversupply in the market. Toyota nevertheless went ahead on its scheduled launch date, though the malaise in the market was at least partly taken into account in its pricing.

The coupon on the five-year, par-priced deal was indicated at 1½ per cent, well above the record ⅞ per cent recently set on an issue for Tokyu. But Nomura said that a coupon lower than 1¼ per cent would have been "disastrous" at the moment.

The lead-manager held a bid price of less 1⅞, within the 2¼ per cent fees, despite the difficult market. Dealers said that in a healthier environment the issue could have been expected to met an enthusiastic response.

Elsewhere, Morgan Guaranty announced a $100m 5 per cent five-year equity warrants bond for Nokia, the Finnish industrial group.

Other houses expressed reservations about Morgan Guaranty's ability to place an equity related issue, as this was its first issue into the area since 1983. But the issue traded comfortably at 101 bid, against a par issue price. Dealers said the bond was helped by Nokia's announcement yesterday of encouraging interim figures.

The issue carriers warrants into Nokia's free preferred shares, which are listed in London as well as Helsinki and Stockholm. The exercise price will be set on June 29, at the lower of the closing price on that day, and the average between June 23 and 29.

Kleinwort, Benson led a $130m 15-year convertible issue for Rouse, a US property company specialising in shopping centre developments. The conversion premium on the 5¾ per cent issue, priced at par, is expected to be set at 21 and 25 per cent. The deal met good

INTERNATIONAL BONDS

demand and traded at less 1⅞ bid, within 2½ per cent fees.

Salomon Brothers International fixed the terms on a recent two-tranche issue for Bond Corporation Holdings. Both tranches continued to trade at around 99½ bid.

The sterling bond was fixed at £80m, with a 6 per cent coupon, and the dollar bond at $200m, with a 5/¾ per cent coupon. The conversion premium on both tranches was set up at 18 per cent.

Taking into account a $180m convertible issue that is being placed with Mr Alan Bond, the two bonds would, if fully converted, reduce his shareholding from around 51 to 45 per cent.

In Australian dollars, County NatWest led an A$50m five-year 14½ per cent bond for Royal Trustco, priced at 101⅞. EBC Amro meanwhile arranged an A$50m three-year 14¼ per cent issue for Westland-Utrecht Hypotheekbank, the mortgage bank, guaranteed by its parent, Nationale Nedelanden, the Dutch insurance company. The issue price was 101⅜.

Bankers Trust International announced a C$87m three-year 9¾ per cent bond for RTT, the Belgian state-owned telephone company, priced at 101½. The bond came in large denominations, in line with the Belgian Government's policy this year when it switched from registered to bearer bonds.

Nikko Securities led a $100m five-year floating rate note issue for a special Cayman-Islands-based vehicle, Civas 2. The issue was secured on the rump bonds of a number of recent equity warrants for Japanese companies. The issue pays 17 basis points over six-month London interbank offered rate and is priced at par.

Euroyen and Eurodollar bonds both ended the day slightly firmer while the dollar traded in a narrow range.

Prices of D-Mark Eurobonds closed up to ½ point lower, though selling pressure was light. It was announced that an issue in the domestic market for North-Rhine Westphalia was postponed yesterday because of the uncertainty in the market.

Morgan Guaranty led a DM 300m issue for a special purpose vehicle, Stars 2, secured on a $500m floating rate note issue for Ireland, launched last year. The new bond, which matures in 1998, pays interest at 30 basis points over six-month London interbank offered rate and is priced at 100.05.

In Switzerland, attention contiued to focus on equity linked issues. Prices closed unchanged in average volume.

Chicago exchanges approve joint venture

By David Owen in Chicago

THE RESPECTIVE boards of the Chicago Board of Trade, the world's largest futures exchange, and the Chicago Board Options Exchange, the largest options market place, have approved the framework for a wide-ranging joint venture agreement to develop a string of mutually traded products.

The deal consummates intensive discussions first revealed in May. It will be presented for approval by both memberships in ballots scheduled to take place in late July.

While full members of both exchanges will have full access to all products traded under the joint venture, it is still not clear exactly which products will be included in the deal.

For the moment, the exchanges will say only that initial contracts will include specific equity index futures, to be traded adjacent to the CBOE's busy OEX stock options pit, and a wide range of futures, securities and options products.

Both exchanges are also evaluating trading space and computer technology issues. Around 1,000 sq ft of vacant space is known to exist on the CBOE floor.

According to Mr Alger Chapman, the CBOE's chairman and chief executive, "the planned objective is to provide mutual benefit to members of both exchanges by granting joint access to new security and futures instruments. The venture would provide operational efficiency for member firms involved in both futures and securities options trading."

Yesterday's announcement made no specific reference to procedures which might allow for the cross-margining of trades, however. Cross margining would provide operational efficiency by enabling investors to use trading positions on one exchange to offset positions on the other, hence reducing margin requirements.

The CBOE, founded by the CBOT some 14 years ago, trades only stock options, stock index options and currency options. It applied last year for listing as a stock exchange.

The CBOT, though heavily dependent on its roster of US Treasury bond and note futures and options contracts, also boasts a fast-growing stock index future in addition to a wide range of traditional commodity contracts.

Privatisation helps France to cut borrowing

By Stephen Fidler, Euromarkets Correspondent

THE SUCCESS of the French Government's privatisation programme has allowed the Treasury to scale down its forecasts for the amount of bonds it expects to issue this year.

Mr Daniel Lebegue, director of the Treasury, said in London yesterday that it now expected to raise between FFr 100bn and FFr 120bn in the bond market, down from the FFr 120bn to FFr 140bn officially forecast at the end of last year.

"The reason . . . is that proceeds of the privatisation programme will be more important in 1987 than we expected it would be," he said. This would raise an extra FFr 20bn to FFr 30bn. Some 60bn had been raised already this year in the bond market.

Mr Lebegue was heading a group, including representatives of the 13 Paris market-makers, to explain to London institutions the gradual stream-lining of the market in French Treasury securities.

Similarities with the newly-liberalised gilts market in the UK are expected to increase when the first inter-dealer broker in the Fernch Treasury market is established, probably in September. More are expected to join later.

Mr Lebegue said the Finance Ministry was discussing with INSEE, the independent national statistics institute, the establishment of a more predictable calendar for the release of French economic statistics. Dealers have complained about the difficulty in predicting their time of release.

Janet Bush writes: Mr Lebegue said later that he believed sterling could be stabilised around its current level, which was satisfactory for entry into the exchange rate mechanism of the European Monetary System.

He said the pound's entry would be desirable to extend further economic co-operation between European countries and for the general equilibrium of the currency system.

Mr Lebegue said the Louvre accord on stabilising currencies signed by the Group of Seven industrial nations in February and endorsed subsequently in Washington and Venice had been very successful and had consolidated current EMS parities.

Barry Riley on a new form of competition among securities houses

Equity indices battle for supremacy

THE LAUNCH earlier this month of the Salomon-Russell Global Equity Index marked the intensification of competition in the esoteric field of worldwide indices.

There are now some half a dozen indices proclaimed as measures of the global equity market, and seeking to obtain widespread recognition among global investors. They include:

● The Morgan Stanley Capital International World Index, the established market leader and the only one with a lengthy history (it goes back to the 1960s). It was bought last year by Morgan Stanley from Capital Group, an independent Los Angeles-based investment management group which still produces the index on contract in Geneva.

● The FT-Actuaries World Index, a joint production of the Financial Times, Goldman Sachs and Wood Mackenzie, together with the two British actuarial professional bodies, the Institute of Actuaries (in London) and the Faculty of Actuaries (in Edinburgh).

● The Salomon-Russell Global Equity Index, the result of a collaboration between Salomon Brothers and the Frank Russell Company, an American pension fund consulting firm which is contributing its existing Russell 1,000 Index as the US component of the global index.

● The Euromoney/First Boston Global Stock Index, produced by a First Boston team in consultation with outside academics, and published monthly by Euromoney. Other contenders in the market are Paine Webber, which has combined with Global Analysis Systems to develop the Paine Webber-GAS 100, and Shearson Lehman, which is launching a global total return index in association with Quantum Matrix Corporation.

What all these indices have in common is the participation of leading New York investment banks, which is a reflection of their ambition to make an impact on the fast developing international equity market.

The development of the rival indices was triggered by the decision of Morgan Stanley to purchase the Capital International series and attach its own proprietary label. This immediately made it difficult for other US investment banks to make use of the Capital International series of indices.

There are parallels with past national stock market index "wars" in countries like West Germany and Switzerland, where different banks have set up indices and there have been protracted struggles for overall supremacy.

In Britain and the US, in contrast, indices have tended to be established by neutral bodies such as the Financial Times and Standard & Poor's. But such organisations have proved reluctant to expand unaided into global indices, which are much more exepnsive to produce and which have been of uncertain relevance until recently. Moreover the Capital International indices have satisfied such demand as has existed.

In the past two years, however, the big US-based investment banks have seized on the concept of the global equity market. They have established systems for 24-hour trading of leading international equities in several centres, principally Tokyo, London and New York. And they have been hard-selling the idea of international investment to big US clients.

Global indices are necessary complements to this worldwide sales effort, in two respects. They are needed to provide measurement yardsticks so that managers and their clients can judge the quality of investment performance. And, second, they are desirable as a basis for formulating specialised investment products, such as global index funds.

There is a possible third motivation. The global investment banks run trading books in leading world equities, and it would be convenient if global index futures contracts existed against which they could hedge their positions, just as domestic US equity market makers hedge their positions on the Chicago futures market against domestic index futures. This has yet to happen on a global scale.

One particular aspect of the Morgan Stanley Capital International World Index has opened the way for competition to develop. Although it provides an effective measure of the global market, it does not reflect very closely the international portfolios which global investors actually accumulate.

The notion of "investibility" has been put forward. Some leading stocks, such as NTT in Japan, are completely out of bounds to foreign investors, at least for the present. With others, such as British Telecom, there are large, inaccessible government or family shareholdings, while in Japan, in particular, there are a great many interlocking shareholdings between companies which makes it difficult or impossible for investors to accumulate a proper weighting of, for example, Japanese banks.

International investors have seriously underperformed the MSCI World Index in the past year or two, and the complaints from fund managers have been loud. The sponsors of the newer indices have made efforts to respond to such objections. But the closer they come to fulfilling the particular needs of global fund managers, the less accurately their indices are likely to track the world market as a whole.

In fact, one or two of the new indices do little more than track the top 200 global stocks which are heavily traded by the global trading desks. This is at best a core portfolio approach, and should not be confused with an attempt to replicate the global equity market on a broad basis.

Currently, the MSCI index series covers 19 countries. It represents in aggregate around 60 per cent of the capitalisation of these 19 stock exchanges, and the World Index is based upon all 1,375 constituents.

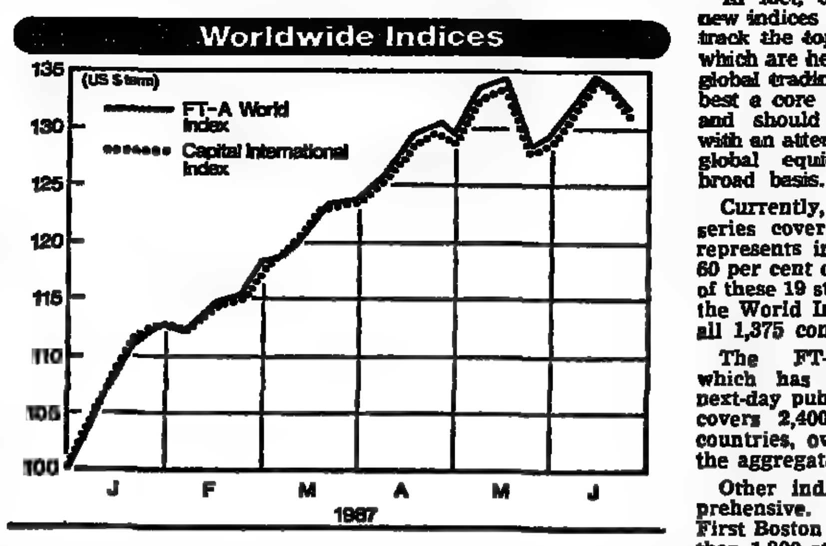
The FT-Actuaries series, which has the advantage of next-day publication in the FT, covers 2,400 securities in 23 countries, over 70 per cent of the aggregate value.

Other indices are less comprehensive. The Euromoney/First Boston index covers fewer than 1,300 stocks in 17 markets The Salomon-Russell series takes in 24 countries and 1,572 stocks, but some of the countries are grouped together (there are 18 individual country indices) and the US is over-represented with 1,000 stocks.

So long as every big New York investment bank apparently feels obliged to set up its own index, there is bound to be a good deal of confusion in the market place. The FT naturally feels that it has an advantage, not only because of its record as an information source, but because the FT-Actuaries indices are controlled by an independent panel which meets quarterly.

Success or failure among stock market indices are not easily predictable, however. And some of the present wave of global index sponsors may feel content if their indices can be used to launch profitable products, even if the indices themselves do not achieve widespread acceptance among the international investment community.

Worldwide Indices



Hillsdown doubles paper programme

HILLSDOWN HOLDINGS, the acquisitive UK foods group, is doubling the size of its sterling commercial paper programme to £200m and adding a Eurodollar option to help finance its North American operations, writes Stephen Fidler.

Two dealers are being added to the programme—Midland Montagu and Barclays de Zoete Wedd—which started with two, Kleinwort Benson and CIBC, when it was launched last August.

A £60m financing being arranged to support the purchase of 28 per cent of Guinness Peat, the UK merchant banking group, by Equiticorp, the New Zealand finance and investment company has been oversubscribed. Banks subscribing to the financing, being arranged by Samuel Montagu, will have their commitments scaled down after syndication is complete.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on June 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	200	94⅛	94⅝	+0⅛	−0⅛	9.01
A/S Eksportfinans 7⅞ 93	100	94	94⅝	+0⅛	+0⅛	8.81
A/S Eksportfinans 7⅞ 92	150	95⅛	95⅝	0	+0⅛	8.49
Austria 7⅞ 97	200	91¼	92⅛	+0⅛	+0⅛	9.01
BP Capital 9⅜ 96	100	102	102⅝	0	−0⅛	8.45
British Telecom 7⅞ 96	250	90⅞	91⅜	+0⅛	+0⅛	9.07
Campbell Soup 10⅞ 95	100	107⅞	108⅜	+0⅛	+0⅛	9.00
Canada 9 96	1000	101¼	101⅞	0	−0⅛	8.71
Canadian Pac. 10⅞ 93	100	105⅞	105⅝	−0⅛	0	9.50
CCCE 7⅞ 91	112	95⅛	95⅝	+0⅛	+0⅛	8.39
CNCA 7¼ 91	250	95¼	95⅝	+0⅛	+0⅛	8.51
Citicorp 8¾ 93	200	†92⅞	95⅛	+0⅛	−0⅛	9.79
Credit Lyonnais 9 91	300	101¼	101⅝	+0⅛	−0⅛	8.48
Credit National 7⅞ 92	100	95⅛	96	+0⅛	+0⅛	8.47
Credit National 9⅛ 93	150	102⅛	102⅝	+0⅛	+2⅛	8.56
Credit National 7¼ 91	150	95¼	96⅛	+0⅛	+0¼	8.37
Denmark Kingdom 7⅞ 92	300	95⅛	95⅝	+0⅛	+0⅛	8.86
Denmark Kingdom 8¼ 91	300	99⅛	99⅝	+0⅛	+0⅛	8.46
EEC 7 91	100	95⅛	95⅝	0	−0⅛	8.27
EEC 8¼ 96	100	96⅛	97⅛	0	+0⅛	8.77
EEC 7¼ 93	250	94⅛	94⅝	+0⅛	+0⅛	8.82
EIB 7⅞ 93	100	95⅛	95	+0⅛	+0⅛	8.78
Finland 7⅞ 97	200	91½	92	+0⅛	+0⅛	9.19
Finland 7½ 93	200	94⅛	94⅝	+0⅛	+0⅛	8.70
Ford Motor Cred. 10½ 91	150	106⅛	106⅝	+0⅛	0	8.42
Ford Motor Cred. 11⅞ 90	100	106⅝	106⅞	+0⅛	0	8.43
Gen. Elec. Cred. 10¼ 00	200	103⅛	103⅝	0	−0⅛	9.77
Hoesch 7⅞ 92	100	96⅛	97⅛	0	+0⅛	8.18
Hoesch 7⅞ 94	300	94⅛	95⅛	+0⅛	−0⅛	8.82
Hoesch 8¼ 97	100	94⅛	95⅛	+1¼	+0⅛	8.81
Liberty Mutual 8½ 96	150	94½	95⅛	−1⅞	−1¼	9.38
LTCB of Japan 8 91	100	97¼	98⅛	+0⅛	0	8.58
LTCB of Japan 8 97	200	92⅛	93⅝	+0⅛	−0⅛	9.09
Mercds.-Benz Cred. 7½ 93	100	†96¼	97¼	+0⅛	+1⅛	8.13
Mitsubishi Fin. 7⅞ 93	100	93⅛	94⅛	+0⅛	+0⅛	9.12
Mutual America 7⅞ 92	100	95⅛	95⅝	+0⅛	−0⅛	8.88
Norway Kingdom 7¼ 91	500	96	96½	+0⅛	0	8.34
Pepsico Inc. 7⅞ 93	200	94⅛	94⅝	+0⅛	0	8.60
Qantas Airways 10⅞ 95	140	106⅛	106⅝	0	+0⅛	9.21
Queensland Govt. 10¼ 95	100	105	105½	−0⅛	0	10.25
Ralston Purina 11⅞ 95	150	†107	109	0	0	10.21
Saab Scania 9½ 91	125	102⅛	103⅛	+0⅛	0	8.52
Saskatchewan 10⅞ 92	100	107⅞	108⅛	+0⅛	+0⅛	8.58
State Bk. S. Aust. 9¼ 93	100	101¼	101⅞	−0⅛	+2⅛	8.80
Statoil 10 90	170	103½	104⅛	+0⅛	0	8.57
Swed. Exp. Cred. 7¼ 91	100	95½	96¼	+0⅛	−0⅛	8.41
Swed. Exp. Cred. 10 92	100	106	106½	+0⅛	0	8.40
Sweden 8¾ 96	200	99⅛	99⅝	0	+0⅛	8.84
Sweden 7 92	250	94⅞	95⅛	+0⅛	+0⅛	8.29
Sweden Kingdom 10⅞ 90	200	107	107½	+0⅛	+0⅛	7.95
Sweden Kingdom 7 91	250	95¼	95⅝	+0⅛	−0⅛	8.31
Taiyo Finance 7⅞ 94	100	†93⅛	95⅛	+0⅛	+0⅛	9.06
Toyota Motor Cred. 8 89	100	†100⅛	100⅝	+0⅛	−0⅛	7.79
Toyota Mtr. Cred. 7⅞ 92	150	95⅛	94⅝	+0⅛	[illegible]	8.78
Victorian Rep. 11⅞ 92	150	110⅛	110⅝	0	−0⅛	8.88
World Bank 7 92	300	94⅛	95⅛	+0⅛	0	8.30
Yasuda Trust Fin. 8½ 93	100	97⅞	98⅛	−0⅛	−0⅛	8.81

Average price change on day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109	109¾	0	−0⅛	6.35
Austrian Elec. Co. 6½ 95	150	101⅞	102⅛	+0⅛	+0⅛	6.14
BMW 5¾ 96	200	92½	93¼	+0⅛	+0¼	6.32
Daimler Benz Int. 5¼ 01	500	90⅞	91⅞	−0⅛	−0⅛	6.77
Dow Chemical 5⅞ 96	300	94⅞	95⅞	0	+0⅛	6.38
Dow Chemical 6¾ 95	300	101⅞	101⅞	+0⅛	−0½	6.50
EIB 5½ 98	150	91⅞	92⅛	+0⅛	−0⅛	6.52
EIB 6¼ 96	300	98	98⅝	+0⅛	−0⅛	6.37
EIB 6⅞ 95	300	102⅛	103⅛	+0⅛	−1⅛	6.43
EIB 6 97	300	97⅞	98⅛	+0⅛	−0⅛	6.31
Euro. Coal & Steel 5⅞ 97	175	95½	96¼	+0⅛	−1	6.46
Eurofima 6¼ 96	100	99⅞	100¼	+0⅛	−0¼	6.25
Ex.-Im. Bk. Korea 7⅞ 90	100	104⅞	105½	0	−0⅛	5.86
Finland Republic 7 92	200	104⅞	105⅛	−0⅛	−0⅛	5.71
Hoesch Intl. Fin. 7 95	100	102⅞	103⅛	+0⅛	−0⅛	6.56
Hydro Quebec 5½ 96	125	95⅛	95⅞	+0⅛	−0⅛	6.17
Hydro Quebec 6 16	150	82⅞	83⅛	+0⅛	−2⅛	7.47
IADB 6 97	200	95⅞	95⅞	+0⅛	−1⅛	6.61
IBJ 5⅞ 96	200	94⅛	94⅞	+0⅛	−1	6.46
Japan Finance 5¾ 97	100	94½	95¼	−0⅛	−0⅛	6.47
Julius Baer Bank 2 94	250	†103⅛	104⅛	−0⅛	+1¼	1.41
Korea Dev. Bank 6⅞ 93	100	101⅞	102⅛	0	−0⅛	6.26
Mitsubishi M. 3½ 89 WW	100	131½	132½	0	0	−7.97
Mitsubishi M. 3⅛ 89 XW	100	96⅛	97¼	0	−0⅛	4.53
Renfe 7⅞ 95	100	†106⅛	107⅛	−0⅛	−0⅛	6.40
Soc. Cent. Nucleair 7¼ 95	150	102⅞	103⅛	0	−0⅛	6.71
Soc. Cent. Nucleair 8 91	100	106½	107⅛	+0⅛	+0⅛	5.99
Stewang 5½ 96	100	94½	95⅛	+0⅛	−0½	6.25
Tokyo Elec. Power 6 97	300	†96⅛	96⅞	+1	−1⅛	6.47
World Bank 5⅞ 97	700	96	96¼	+1	−0⅛	6.38
Yorkshire Intl. 6⅛ 01	200	†81⅞	82¼	−0⅛	−0⅛	7.17

Average price change on day +0¼ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅜ 96	100	†102½	102⅞	−0⅛	−0⅛	5.25
Amer. Corpn. 5¼ 01	200	†95	95½	0	−0⅛	5.98
Baker Int. 4½ 96	200	†88	88¼	−0⅛	−0⅛	5.87
Carlsberg 5 96	80	†101½	101¾	+0⅛	−1⅛	4.77
Chujitsuya 5¼ 94	50	†102⅞	103¼	−0⅛	−0⅛	4.86
Deutsche Bk. Fin. 5⅜ 95½	200	†106	106¼	+0⅛	+0¼	4.48
EIB 4⅞ 97	200	†98½	99	+0⅛	−0⅛	4.79
Glendale F. S. & L. 5½ 95	100	†101½	102⅛	+0⅛	−0⅛	5.21
Hamana 5⅛ 98	120	†99	99½	+1	+0⅛	5.21
Industrial Credit 5¾ 96	75	†99½	100	−0⅛	+0⅛	5.76
Japan Dev. Bk. 5¼ 97	100	†101¼	102¼	+0⅛	−0⅛	4.87
Oberos. Kftwk. 5⅞ 95	100	†103⅞	103½	+0⅛	+0⅛	4.83
Olivetti Intl. 5½ 95	100	[illegible]	104½	+0½	+0⅛	4.85
Pepsico 5¼ 95	150	†104½	105	−0⅛	−0⅛	4.58
Prov. of Manitoba 4⅞ 94	200	†102	102¼	−0⅛	−0⅛	4.40
Ralston Purina 5⅞ 94	125	†102⅝	103⅛	+0⅛	−0⅛	4.88
Settsu Euro. 0 01	100	†47	47½	+0½	−0⅛	5.62
Tohoku Elec. Pwr. 4⅞ 96	150	†99⅞	100	+0⅛	0	4.89
USX Corpn. 5⅞ 98	100	†97	97½	0	−0½	6.09
World Bank 5¼ 94	150	†105½	106	−0⅛	+0⅛	4.81

Average price change on day 0 on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Credit National 4⅞ 92	15	†98⅛	97⅛	+0⅛	−1	5.08
Denmark, Kingdom 5⅞ 92	15	100⅛	100⅝	+0⅛	−0⅛	4.96
EIB 4⅞ 94	40	96⅛	96⅝	+0⅛	−2⅛	5.04
Elec. de France 5⅛ 94	20	98⅛	99⅛	+0⅛	−2⅛	5.30
Kansai Electric 4⅞ 94	60	96½	97	+0⅛	−2⅛	5.20
Kingdom Belgium 4⅞ 94	45	95⅛	95⅝	+0⅛	−2¼	5.37
Norway 4¼ 92	60	96⅛	96⅝	+0⅛	−1⅛	5.08
SNCF 4⅞ 93	20	98	98½	+0⅛	−1⅛	5.23
Sweden, Kingdom 5⅞ 95	20	101⅛	102	+0⅛	−0⅛	5.35

Average price change on day +0⅛ on week −1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	102	103	0	−0⅛	13.11
Bergen Bank 15 90 A$	50	102⅞	103⅛	−0⅛	+0⅛	13.43
BHF Bank 14¼ 92 A$	40	102⅛	103⅛	+0⅛	−0⅛	13.49
DG Finance 14⅛ 92 A$	50	105¼	106½	0	−0½	12.57
Deutsche Bk. 14¼ 92 A$	100	104⅛	105⅛	+0⅛	0	12.76
Deutsche Bk. 14½ 92 A$	150	105	106	+0⅛	−0⅛	12.86
Montedison F. 15½ 90 A$	50	101¼	102⅛	−0⅛	−0⅛	14.38
World Bank 14⅛ 92 A$	100	102⅞	103⅛	−0⅛	−0⅛	13.13
Canadian Pac. 10⅞ 90 C$	75	103⅞	103⅞	+0⅛	+2⅛	9.15
Chrysler Corpn. 10 91 C$	75	99⅞	99¾	+0⅛	+0⅛	9.35
Genstar Fin. 11⅞ 95 C$	75	†103⅞	103¼	−0⅛	−0⅛	11.07
GMAC 9¼ 92 C$	75	101⅞	102⅛	0	+2⅛	8.75
Royal Trustco 10⅞ 90 C$	75	101⅞	101⅞	−0⅛	−0⅛	9.75
Sears Acc. 10⅞ 92 C$	75	†101⅞	102⅛	−0⅛	+0⅛	10.09
Coca-Cola F. C. 17 90 NS	75	100⅞	101¼	+0⅛	−0⅛	16.54
Denmark 7⅞ 92 Ecu	200	96⅞	97½	0	−0⅛	7.97
EIB 7¾ 91 Ecu	100	99	99⅛	+0⅛	−0⅛	7.56
Euratom 7⅞ 97 Ecu	145	94⅛	95	+0⅛	−1⅛	8.39
New Zealand 7¼ 93 Ecu	200	97½	98	+0⅛	−1⅛	8.25
SDR 7¼ 95 Ecu	90	97⅛	97⅝	+0⅛	−1⅛	8.21
Finland 6 91 Fl	100	100⅞	101	0	+0⅛	5.92
Mort. Bk. Denmark 6 91 Fl	150	99	99⅛	0	+0⅛	6.22
Thyssen 7¼ 90 Fl	80	102⅞	103⅛	+0⅛	+0⅛	6.22
Wessanen 6¼ 90 Fl	90	101½	102⅞	0	−0⅛	6.60
American Brand 9½ 94 £	50	99⅞	100⅛	0	−1⅛	9.46
Amer. Express OC 10 94 £	40	102⅛	102½	−0⅛	−2⅛	9.52
Deutsche Bank 9⅞ 97 £	75	101¼	101⅞	−0⅛	−1⅛	9.62
GMAC 9 92 £	50	97⅛	97⅝	0	−1⅛	9.69
Halifax Bld. Soc. 10⅞ 97 £	100	101¼	102⅛	−0⅛	−1⅛	10.05
Imp. Chem. Inds. 10 03 £	100	†103⅞	103⅞	+0⅛	−1½	9.54
Imp. Chem. Inds. 10⅞ 92 £	75	103	103⅛	+0⅛	−2⅛	9.93
Invst. in Inds. Int. 10 93 £	60	100⅛	100⅝	0	−1⅛	9.89
Land Securities 9½ 07 £	200	†90⅞	91¼	+0⅛	−1½	10.60
Leeds Bldg. Soc. 10½ 91 £	50	101½	102	+0⅛	−0⅛	9.89
Nationwide BS 10⅞ 93 £	75	101⅞	102⅛	+0⅛	−0⅛	9.70
NSW Treasury 10⅞ 92 £	50	102⅞	103⅛	−0⅛	−1⅛	9.83
Prudential Fin. 9⅞ 07 £	150	93⅛	93⅞	0	+0⅛	10.14
Royal Insce. 10⅞ 92 £	60	104⅛	104⅝	0	−2½	9.62
J. Sainsbury 10⅞ 93 £	60	103⅞	104⅛	−0⅛	−1⅛	9.87
Trusthouse Forte 11⅛ 90 £	50	103⅞	104¼	0	−0½	9.39
World Bank 11⅛ 95 £	100	109⅞	110⅛	+0⅛	−1	9.41
CoE 8⅞ 95 LFr	600	104⅞	105⅛	0	+0⅛	7.99
EIB 8⅞ 93 LFr	1000	†104	105	+0⅛	0	7.59

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0312	99.99	100.09	11/06	6.14
Alliance & Leic. Bldg. 94 £	0.08	98.27	98.96	20/04	9.89
Belgium, Kingdom of 91	0	99.53	100.08	19/02	6.69
Britannia 5 93 £	0⅛	99.35	99.40	8/04	10.06
Chase Manhattan Corpn. 91	0¼	98.87	99.05	20/08	6.56
Citicorp 98	0⅛	96.97	97.49	27/02	6.63
Credit Lyonnais 5 00	0⅛	†98.78	98.85	13/07	6.19
EEC 3 92 DM	0	100.27	100.34	20/02	4.19
EEC 5⅛ 93 Ecu	0.0312	†99.85	99.95	30/01	7.18
Halifax Bldg. Soc. £ 94	0.1	99.02	99.06	6/05	8.97
Midland Bank 01 £	0.1	95.95	96.05	9/05	8.91
Milk Mrktg. Board 5 93 £	0⅛	99.01	99.06	30/03	10.00
New Zealand 5 97 £	0.07	99.04	99.14	16/05	11.00
New Zealand 5 01	0	98.97	99.07	4/08	6.31
Shearson Lehman Hldgs. 91	0⅛	98.92	99.10	6/05	7⅛
United Kingdom 5 92	0	99.94	100.02	7/04	6.31
Woodside Fin. 5¼ 97	0	99.24	99.34	28/04	7.06
Woolwich 5 95 £	0⅛	98.83	98.87	19/05	10.62

Average price change on day −0.05 on week −0.09

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/85	472	147½	148½	+3	5.17
Minolta Camera 2⅛ 94 DM	2/86	1105	97⅛	98¼	−0⅛	58.94
Ashikaga Bank 2⅞ 02	4/87	996	124⅛	125¼	+1¼	0.03
Chiba Bank 2⅞ 02	1/87	830	221½	223⅛	+3⅛	8.77
Fuji Bank 2⅞ 00	10/85	1623	†338	339	+6	−0.82
Fuji Heavy Industries 3 00	8/85	676	139	140¼	−3⅛	−3.14
Fujitsu 3 99	5/84	1109	164⅛	168	+7⅛	3.35
Gunma Bank 2⅛ 02	4/87	808	140⅛	141¼	+4⅛	0.46
Mitsubishi Bank 2⅞ 00	8/85	1715	†323	324	−14	−3.90
Mitsubishi Trust 2⅛ 01	5/86	1600	†321	322	+3	−6.58
Mitsui Trust 2⅛ 01	10/86	1990	152⅞	154⅛	−2½	7.12
Murata 3½ 00	7/84	1998	232⅛	234⅞	+7⅛	2.52
Nippon Elec. 2⅞ 00	1/85	1295	294	295	+43	288.65
Nippon Oil Co. 3 00	5/85	923	†248	249	+6	−2.49
OKI Elec. Ind. 3½ 99	10/84	865	164⅛	166	+2⅞	1.26
Omron Tateisi 2⅞ 02	4/87	1350	125⅛	126¼	+2	−0.87
Sumitomo Bank 2⅛ 00	8/85	2142	†337	338	+8	2.09
Toshiba Ceramics 3 00	4/85	1734	152⅞	154⅝	−1⅞	6.96
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	†149½	150	+1¼	−0.97
Yokohama Bank of 2⅞ 01	10/86	1045	190⅞	192⅞	−0⅛	6.34

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

TSB achieves £132m midway

BY HUGO DIXON

TSB, the financial services group, announced pre-tax profits of £131.8m for the 23 weeks to April 30, giving the first real indication of how it has been performing since its £1.5bn flotation last September.

The interim results cover a shorter period than normal because of a change in the year-end from November 20 to October 31. Pre-tax profits adjusted to a 26-week basis for those parts of the group for which it is relevant were £144.9m, a 51 per cent increase from the same period in the previous year.

However, the underlying rise is not as large as £23.2m (unadjusted) relates to income from the first instalment of money raised during the flotation. There was a further £15.6m profit from sales of gilts (£6.7m).

The group's banking profits at £71.6m (£69.4m) were sluggish, partly because competition for retail deposits squeezed margins and partly because the balance sheets of the group are still underlent.

Advances to customers were £39.6 per cent of total assets at the end of the period compared with 38.9 per cent at the beginning. Assets had grown from £13.2m to £13.8bn.

The banks within the group have still to make much impact on the corporate market. The value of its retail commercial book was about £400m and its wholesale commercial lending only £200m.

Personal banking continued to perform reasonably well with a 200,000 increase in the number of cheque accounts and a mortgage book which now totals £1.9bn. The profit from the group's four banks, when commissions for passing endowment business to TSB Trust Company, the group's life and unit trust subsidiary, are included, was £89.3m.

Other personal financial services showed strong growth. Profits from insurance and unit trusts were £21m (£16.5m) and from vehicle rental and leasing £3.1m (£2.1m).

The group's credit card, Trustcard, which is operating more smoothly now that all the administration is being carried on in-house rather than through Barclaycard, contributed profits of £5.8m (£3.5m).

Profits from the group's finance house, UDT, grew to £7.1m (£4.5m).

The provision for bad and doubtful debts was £26.4m (£29.0m), which included extra provisions for the group's tiny third world exposure of less than £30m.

The total provisions for third world debt are now £6m, which made the group "more than adequately covered on a Nat-West basis," Sir John Read, the group's chairman, said. This was a reference to National Westminster Bank's decision to make a one-off provision for its debts to recheduling countries earlier this month.

Staff costs were £154.9m (£155.1m), and other costs grew to £128.5m (114.1m). This was partly a reflection of the extra costs involved in being a public company with 2.1m shareholders contributing 1 per cent o fits profits to charity.

Profits after tax and minority interests were £84.2m. Proforma earnings per share were 7.7p on a six month basis, compared pared with 14p in the whole of the previous year. The directors have declared an interim dividend of 1.17p net.

See Lex

BTP profits show 38% improvement to £5.95m

BY CLAY HARRIS

BTP, the chemicals group, increased pre-tax profits by 38 per cent from £4.3m to £5.95m in the year to March. Turnover rose from £49.6m to £81m.

The results did not include any contribution from Barrow Hepburn, the chemicals and engineering company, for which BTP paid £31.8m earlier this year.

BTP has incorporated Mydrin, Barrow's polymers operation, into its chemical division, but apparently intends to leave the other activities as stand-alone units within the group.

An extraordinary credit of £68,000 (£268,000 debit) reflected the net surplus arising from the sale of 50 per cent of Dufay Titanine to Desoto of the US less re-organisation costs and the loss from other disposals.

A higher tax charge of 37 per cent (33 per cent) increased payments to £2.23m from £1.48m. With earnings per share rising to 9.32p (8.3p), a final dividend of 3.5p (3p) would make a total of 5.5p (4.5p).

BTP shares added 9p to 312p.

Kleinwort retained by Harcourt in bid defence

By Clay Harris

Kleinwort Benson, the UK merchant bank, has been appointed by Harcourt Brace Jovanovich, the US publisher, to assist in its defence against Mr Robert Maxwell's British Printing and Communication Corporation.

The British bank, which has found itself at odds with Mr Maxwell in a number of contested bids, will work with First Boston, Harcourt's US adviser. Kleinwort's involvement is believed to break new ground for a UK bank in defence of a US company.

Mr Leslie Goodman of Hill Samuel, Mr Maxwell's UK adviser, said: "They're obviously feeling under pressure." Hill Samuel has worked jointly with Rothschild, the US investment bank, since BPCC first proposed its $2bn (£1.2bn) offer in May.

Although BPCC withdrew its initial offer after Harcourt unveiled a $3bn recapitalisation plan, it has been embroiled in a number of US legal battles over the terms of this "poison pill" defence.

Kleinwort was chosen in part for its record in advising the defence of four different UK groups facing bids or approaches from one or another of Mr Maxwell's companies.

Kleinwort has never lost a battle directly to Mr Maxwell, even though several of its clients later succumbed to other suitors. The one which has survived, John Waddington, the games and packaging group, was saved from Pergamon Press in 1984

The bank also helped Extel, the information and printing group, to win shareholder approval for the acquisition of Dealers Digest against Mr Maxwell's opposition. His stake was subsequently sold to United Newspapers, the publishing group, which last month took over Extel.

Kleinwort was also the initial adviser of McCorquodale, the printing group which was wooed by BPCC before falling to Norton Opax. In the engineering sector, Mr Maxwell's Hollis intervened during Kleinwort's ultimately unsuccessful defence of AE against Turner & Newall.

● BPCC said yesterday in New York that it had asked a Michigan court, which is hearing a case involving a Harcourt insurance subsidiary, to block the recapitalisation plan.

Nick Bunker examines what lies ahead for Hogg Robinson

Ensuring a future the demerger way

MONTHS OF debate over Hogg Robinson's future came to a temporary conclusion between Monday and Wednesday this week.

Since its interim results last December, Mr Albert Wheway, Hogg's chairman, had been dropping heavy hints that it might be more than sensible to split the group into an insurance broker on the one hand and a separte travel and finansial services company on the other.

A new element entered the equation in late May, when talks started about a merger between Hogg's broking arm and Fenchurch Insurance Holdings, a subsidiary of Guinness Peat. On Sunday night—when Hogg asked for its shares to be suspended, after a £2 climb since January amid a flurry of bid rumours—that deal seemed about to be clinched.

When it fell apart in the next 72 hours, it was not because of resistance from Equiticorp, the New Zealand conglomerate that holds 28 per cent of Guinness Peat.

Nor did Guinness Peat's explanation—that it was unhappy with information supplied by Hogg—completely satisfy insurance brokers at Lloyd's of London who know both Hogg and Fenchurch well. Tthey felt that strong personalities at Fenchurch may have clashed with brokers at Hogg over who should lead the combined broking entity.

Where does Hogg Robinson go from here?

First, it is freeing Mr Brian Perry to expand further on the ambitious programme of building Hogg's travel and estate agency network. He started it in 1983 soon after Mr Wheway, a merchant banker, and Mr Christopher Price took over as Hogg's new group management with the job of boosting its fortunes.

This they have done, with pre-tax profits nearly trebled from 1982's figure of £8.5m. Yesterday's results came in £100,000 above Wood Mackenzie's forecast.

But Hogg's drive to build by acquisition a network of estate agencies now standing at 70 branches in London and the south east has observed its other strategy of attempting to create a more well-rounded insurance broking business.

Mr Albert Wheway, chairman of Hogg

Republic Hogg Robinson (RHR), its US broking subsidiary, made up for £30m of Hogg's £78m brokerage in 1986-87, but has acquired that prominence in the group's operations only since 1985, when Hogg took 100 per cent control of RHR and put it under the charge of Mr Charles Keller, previously with Fred S. James, the big US insurance broker.

RHR—a retail broker servicing US corporations below the Fortune 1000 mark—has built itself up to 34 branches on the eastern seaboard and in Michigan but has much further to grow even after making acquisitions worth $17m (£10.5m) in 1986, says Mr Andrew Alers-Hankey, Hogg's finance director.

That still leaves Hogg's insurance broking activities in the UK facing some quandries which a link-up with Fenchurch might have resolved. Hogg, as a UK broker, has remained geared towards retail broking via its branch network.

That is a business where costs are high and margins of 15 per cent gross on brokerage are considered "creditable," according to analysts at stockbroker Hoare Govett.

Logically, Hogg should be seeking to expand in the higher margin business of wholesale broking in the Lloyd's-led London insurance market. Yet it is still far behind the leaders in that field. Merger with Fenchurch, which is strong in wholesale and reinsurance business, would have addressed this problem.

The logic of the situation now is that the new Hogg Robinson & Gardner Mountain will still be on the look-out for mergers like that discussed with Fenchurch. On the one hand, the splitting of Hogg Robinson into two separate companies will make that easier.

"We will be freeing the two companies to pursue their own destinies in their own different industries," Mr Alers-Hankey said.

On the other hand, it will also leave both parts of the old Hogg subject to bid rumours for a long time to come—even if TSB has designs on neither.

Profits advance by 18% to top £20m mark

Hogg Robinson, the insurance broking, travel, transport and financial services group, lifted pre-tax profits 18 per cent to £20.6m in the year ending March 31, writes Nick Bunker.

Earnings per ordinary share grew 8.5 per cent to 26.7p. The group is not recommending a final dividend because of its plans to demerge into two separate public companies, Hogg Robinson, incorporating the travel, transport and financial and property services activities, and Hogg Robinson & Gardner Mountain, an insurance broker.

Turnover was £140.8m, up from £121.7m in 1985-86, while investment income fell from £5.6m to £5.4m. Operating expenses rose from £114.1m to £132.1m.

Profits after tax, minorities and dividends on preference shares were £12.3m (£9.8m). Mr Christopher Price, group deputy chairman, said there had been "substantial improvements" in pre-tax profits from UK and North American direct broking operations, which rose by more than 85 per cent.

But this was offset by a £2m reversal in Hogg's "political risks" operations and in Australia. There were also extra costs of £2m arising from the weakening of the US dollar against sterling and from the "continued burden" of premiums for errors and omissions insurance cover.

Mr Brian Perry, group deputy chairman, said operating profits from travel, transport and financial services rose 23 per cent to £8.6m.

"While it is too soon for the estate agencies to have made a contribution, I am well pleased with the start they have made in the financial year now in progress," he added.

Avesco shares suspended as deal is delayed

BY RICHARD TOMKINS

Shares in Avesco, the USM-quoted television services group, were suspended at 109p yesterday—unchanged on the day—after the company ran into delays over the completion of an acquisition.

Avesco had hoped to announce the purchase of Cameron Communications, a privately-owned distributor of professional video and communications products, for about £5m. However, it was unable to sign the deal in time.

The announcement is now expected this morning, along with the £1m forecast at the tible preference stock issue to finance the deal.

Avesco yesterday produced its figures for the year to March 1987 showing a pre-tax profit of £1.33m (£1.02m) on turnover of £8.37m (£8.62m).

The profit on continuing activities was £1.67m compared with the Q1.5m forecast at the time of its introduction to the USM last December. However, provisions connected with the closure of its film and in-car audio businesses brought extraordinary losses of £361,000 compared with the £39,000 forecast.

IBL to sell PC operations for £2.5m

By Richard Tomkins

IBL, the computer leasing company which surprised the stock market with a severe 1986 profits shortfall at the beginning of the month, yesterday announced that it was disposing o fits personal computer operations for £2.5m.

It is selling IBL Network Systems to Asystel UK, a subsidiary of Asystel of France.

Mr Patrice Courbey, IBL's new managing director, said IBL did not want to develop the PC patr of its business further because its returns were lower than on the core computer leasing an dsales activities.

Dr Randall relinquishes boardroom posts at Avana

BY NIKKI TAIT

DR JOHN RANDALL, the highly-individual chairman and chief executive who turned Welsh food group Avana into a glamour stock during the late 70s/early 80s but saw it succumb to a £281m bid from Ranks Hovis McDougall last April, has finally resigned from the company.

Dr Randall stayed on after the takeover—which he strenuously contested—to facilitate the handover. But he always maintained that he would eventually leave: "I have never been a peripheral man," he once commented.

The Avana business is now under the control of Mr Tim Howden, a main board director of RHM.

Unilever share split

A split of Unilever shares will take effect from Monday, June 29, when shares of 25p nominal value will be subdivided into five shares of 5p each.

New certificates are not to be issued for shares existing prior to June 29, but will be treated as representing five times the number of shares shown. Share certificates issued subsequently will be denominated in 5p shares.

UK COMPANY NEWS

All -round growth boosts THF 19%

BY STEVEN BUTLER

PRE-TAX PROFITS at Trusthouse Forte, hotels and catering group, moved ahead by 19 per cent to £42.8m in the six months to the end of April, while turnover increased 28 per cent to £774.6m.

Earnings per share rose to 3.77p (3.14p), and an interim dividend of 1.54 (1.33p) per share was declared. The results were broadly in line with analysts' expectations and Trusthouse Forte shares closed down 4p at 252p.

"Generally there is a good picture across the company," said Mr Rocco Forte, chief executive.

The group's catering division showed the strongest growth, with turnover up 45 per cent to £443.9m and trading profits up 85 per cent to £14.4m. The acquisition of catering businesses from Hanson Trust accounted for £60m of the increased turnover.

Mr Forte said that operating profits of the Hanson acquisitions for the period doubled to £24m, although the subtraction of interest charges led to pre-tax losses of £3.3m. However, a profit of £5.0m was forecast for the full year.

Operating profits in the hotels division grew by 21 per cent to £44.7m, while sales increased from £272.6m to £308.5m.

Mr Forte said that May and June had shown a six to seven percentage point rise in hotel occupancy in London, reflecting a rise in tourist arrivals from the US, which had been cut due to the Libyan bombing scare last year. This was not expected to reach the levels of 1985, however, due to the weaker dollar.

Business from Japan and Europe showed the strongest growth.

Trusthouse Forte is continuing the battle for control of Savoy Hotel, seeking in court to cancel 5.8 per cent of Savoy's shares which Trusthouse Forte alleges were improperly issued.

Mr Forte said this would give Trusthouse Forte effective control over Savoy, making the Trusthouse Forte holding of about 45 per cent equal to the directors' current holdings. He had no intention of making a general bid for Savoy should he win in court, as the shares were currently overpriced.

The share price translates to a value for the Savoy Hotel of £525,000 per room, far in excess of the record set 18 months ago when the Sultan of Brunei purchased the Dorchester for just under £300,000 per room. "There are not many Sultans of Brunei about," said Mr Forte.

Trusthouse Forte's gearing currently at about 44 per cent, is expected to decline to 36 per cent by the year end, reflecting seasonal fluctuations in business.

The company plans to continue expansion by organic growth and by acquisitions, and is currently examining individual hotels and groups of hotels in Europe for possible purchase.

See Lex

Walker & Staff

Walker & Staff, distributor of valve and pipework equipment, raised pre-tax profits from £313,791 to £363,330 in the year to March 31, 1987. Turnover was ahead at £5.89m, against £5.59m.

Earnings per 5p share were 12p (7.2p and the dividend is increased from 2p to 2.22p.

DIVIDENDS ANNOUNCED

Argyll Group	6	—	5.1	9.1	7.75
Avesco	0.5‡	—	0.4	0.5	0.4
Bett Bros. ....int.	1.3	Aug 14	1.2	—	3.2
BPB	8	Aug 21	5.5	12.5	9
BTP	3.5	—	3	5.5	4.5
Burndene Law ......int.	1.5	Sept 1	1.25	—	4.75
Celestion Industries ...	1	Aug 14	1	1	1
CH Industrials	2.23	Sept 17	1.9	2.8	2.4
Crown TV ....int.	Nil	—	1.05	—	3.5
Greycoat	1.55	—	1.25	2.75	2.2
Hogg Robinson Sec int.	6	—	5.23	11	9.6
Hughes Food	0.5**‡	—	—	0.5	—
Macarthy ....int.	4.5	Oct 6	3.5	—	13.5‡‡
Moorgate Mercantile	1.35	Oct 7	1.1	2	1.6
Parkdale	1.2†	—	1.23	2	1.6
Raeburn ....int.	7	Aug 10	5	—	13.5
Rothmans Intnl.	5.2	Oct 7	4.5	7.7	6.7
Scantronic Hldgs‡	1.4	—	1.15	2	1.65
Stainless Metalcraft int.	2‡	July 31	2	—	4.5
Stead & Simpson	2.7∥	Aug 19	2.45	3.9	3.55
Syltone	6.4	—	6.4	10	10
Trusthouse Forte int.	1.53	Oct 1	1.33	—	6
TSB Group ....int.	1.17	Oct 1	—	—	1.07
Walker & Staff	2.22	—	2	3.22	2
Wooltons Betterware‡	2.5p	Aug 28	—	2.5	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by right and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third Market. ∥ On Ordinary and "A" Ordinary. ** For 18 months. †† Over the counter stock. ‡‡ For 17 months.

Healthy 41p premium for Colorvision

By Alice Rawsthorn

Colorvision, a television and video retailing group, watched its shares soar to a healthy premium yesterday when dealings began on the USM.

The shares began the day at 163p, a premium of 43p to the placing price of 120p. In the course of trading the shares rose to 165p but fell, on profit taking, to end the day at 161p.

Colorvision is now valued 34 per cent higher than its original placing price and its market capitalisation has risen from £16.1m to £21.5m.

The group, which is based in Merseyside, operates a chain of specialist television and video shops throughout the north west of England. It was founded 23 years ago by Mr Neville Michaelson, the present chairman, with a £300 investment.

Colorvision has adopted the unusual structure of running its shops as independent subsidiaries, called "management enterprises." Most of the managers now hold shares in the company.

Colorvision is the latest in a stream of companies to have staged successful new issues and to emerge from the first day of stock market dealings with shares trading at hefty premiums.

Hawthorn Leslie's £3.9m acquisition

Hawthorn Leslie Group, the company formed in February by the reverse takeover of Hawthorn Leslie by Adam Leisure, yesterday took the first step on the road to becoming an industrial holding by acquiring SK Fey, a printing and packaging business, for £3.85m in shares.

At the time of the reverse takeover Mr Remo Dipre, chairman, announced his intention to build the group into a broadly based holding company. Until this acquisition it had been composed of the original Hawthorn Leslie electrical distribution interests and Adam's electronic games and video software business.

Fey, which is based in Surrey, is involved with printing and packaging for the pharmaceutical industry and trades under the name Eagle Press. In its last financial year, to June 30 1986, it produced pre-tax profits of £432,206

Hawthorn Leslie has financed the acquisition by issuing 11.98m shares, 11.09m of which have been placed for the vendors at 32p a share. Hawthorn Leslie's shares were unchanged at 40½p yesterday.

Argyll in £208m rights: shares fall

BY DAVID WALLER

CONSERVATIVE accounting and the announcement of a £208m rights issue yesterday prompted a sharp fall in the share price of Argyll Group, the Safeway and Presto supermarkets group.

At the same time, Argyll announced pre-tax profits of £80.6m for the year to March 29, an increase of a quarter against the previous year and in line with brokers' expectations.

The shares fell 45p over the day to close at 439p, 14p above the 425p rights price.

The issue of 50.6m new shares follows only five months behind a £620m placing to finance the acquisition of Safeway. But analysts blamed the fall in the share price on reaction to the way Argyll has decided to account for the conversion of its Presto stores into Safeway outlets, rather than on a glut of new shares.

Argyll said yesterday that it intended to charge the estimated £90m costs of the reorganisation programme in such a way that it reduces current year pre-tax profits.

Some £40m to £50m of this would be charged as an exceptional item in this year's profit and loss account, and the balance spread over the following three or four years and treated in the same way.

Normal practice within the industry has been to treat such costs as extraordinary items, in which case they have no impact on the company's earnings.

Mr Allistair Grant, Argyll chief executive, said that the proceeds of the one for eight rights issue would be used to finance the aggressive expansion of the Safeway group. To this end, the company plans to open 22 new stores this year.

"We wouldn't be doing our shareholders a long-term service if we were to penny pinch," said Mr Grant, "we need the money to enable us to compete more effectively."

The rights issue would also have the effect of strengthening the company's balance sheet, eliminating all borrowings to produce a net cash balance of £92.4m at the year end. Previously, gearing stood at 69 per cent.

Total capital expenditure during the year was £65m, against a projected spend of £160m in the present year.

The interest charge rose from £2.44m to £5.6m. Argyll said that £3.2m was due to the cost of last year's abortive takeover bid for Distillers.

Safeway contributed £4.4m to pre-tax profits over a four week period. The food division as a whole showed a 27 per cent growth in operating profits to £67.4m, on a 7 per cent increase in turnover to £1.73bn.

Earnings per share were 13 per cent higher at 23.6p. Excluding the Safeway acquisition, earnings would have risen 18 per cent to 24.5p.

A final dividend of 6p is recommended, making 9.1p, a 17 per cent increase over the previous year.

See Lex

Stanley Holdings

Mr Malcolm Stanley, chairman of home-decorating materials retailer A. G. Stanley Holdings, has sold 250,000 shares in the company and now holds a 4.9 per cent stake amounting to 1.25m shares.

Non-executive director Mr G. A. Stanley has sold 1.5m shares and now holds 212,999 shares (0.83 per cent).

Brunner Investment

Brunner Investment Trust said yesterday that the results it published on Monday for the six months ended May 31 carried an incorrect figure for the interim dividend. This should have read 1.25p not 1.10p.

UK COMPANY NEWS

Rothmans well ahead of expectations with £195m

Rothmans International yesterday pleased the City with results some £30m ahead of market expectations. After two difficult years, the group more than doubled pre-tax profits foom £93.9m to £195.5m in the 12 months ended March 31 1987.

Turnover, excluding sales taxes and duties, rose slightly from £1.47bn to £1.49bn. Earnings per 12½p share were 32.4p (10.7p) basic or 28.6p (10p) fully diluted and the final dividend is 5.2p for a total up from 6.7p to 7.7p.

Most of the improvement came from the tobacco operations, where profits surged from £124m to £205.9m, as the benefit of prior years' rationalisation measures flowed through. In other areas, overall performance continued to benefit from good results in luxury consumer products—profits up £19.2m to £68.8m—and in overseas associates.

Operating profits in 1986-87 jumped to £203.5m (£115.9m) including £71.8m (£66) from associates—these generally produced higher profits in their own reporting currencies, but those results suffered on translation into sterling due to exchange rate movements.

The operating result was after providing £15m for further exceptional costs of trimming capacity, against £47.7m last time.

During the year, certain group interests were sold—principally Carling O'Keefe and its subsidiaries, Rowenta-Werke, and the non-tobacco interests in New Zealand. Extraordinary items this time of £12.7m comprised net gains on the disposals.

Tax at £85.2m (£48.7m) showed a decrease in the effective rate to 43.6 per cent. After minorities and the extraordinary item, attributable earnings were £99.1m (£28.1m).

The consolidated balance sheet shows a transformation of the group's cash position (excluding bonds) during the year—from net borrowings of £62.3m to net liquid funds of £328.3m. This was mainly achieved by generating £212m from operations and £159m from restructuring and disposals.

Sir Robert Crichton-Brown, the chairman, said "the group is now much better equipped to move forward—both in our present businesses and also where we find the right opportunities for sound investment to extend the spread of group interests."

● **comment**

Having spent £130m in above the line rationalisation costs over the past four years, Rothmans has finally shown its growth paces. Even more impressive has been the cash generation: a long overdue squeeze of working capital produced £100m; disposals £160m: and operations £110m. Rothmans was very lucky when it sold Rowenta and Carling O'Keefe—the first was a looming disaster while the latter was wayward enough to be well able to shoot the whole group in the foot. By the end of this year, the net bank balance could be £500m—about half the present market capitalisation. Over in the US, Philip Morris, with a quarter of the voting stock, must be wondering just what to do with its London associate—and will no doubt want to discuss this with Rembrandt, the holder of 43 per cent of the voting cards. The issue is simple enough: Rothmans is now an efficient cash cow, so who should decide what to do with the surplus? Rothmans could be left to itself but next time there may not be a John Elliott around willing to pay top dollar at a fire-sale. The shares have trebled in the past year but on a prospective p/e of 10 there is still plenty of upside potential for despite the 36p rise to 324p any bid below £5 should fail.

All-round increase in demand lifts BPB

BPB Industries, the Slough-based building materials, paper and packaging group, boosted pre-tax profits by 40 per cent in the year to March 31 1987 thanks to greater demand in all its main areas of activity—particularly overseas.

Profits rose from £103.2m to £144.7m on turnover up substantially from £616m to £750.5m. The board proposes paying a final dividend of 8p (5.5p), making a total of 12.5p (9p) for the year. Earnings per share increased from 33.9p to 46.2p and a one-for-one scrip issue is recommended.

The directors said that prospects for the current year and beyond remained good both for UK and overseas companies.

Analysis of operating profits and turnover by divisions and geographically shows building materials making £111.8m (£81.9m) on sales of £618.1m (£530.7m). Contributions were: UK, £62.8m (£52.4m) on £349.2m (£320.3m); Canada, £17.5m (£14.2m) on £78.3m (£69m); France and Italy, £27.4m (£12.6m) on £166.6m (£119.6m); and Republic of Ireland, £4.1m (£2.7m) on £24m (£21.8m).

The paper and packaging division made profits of £23.6m (£13.8m) on turnover of £201.4m (£142.6m). The UK sector contributed £18.7m (£12m) on £147.3m (£108.5m) while overseas operations chipped in with £4.9m (£1.8m) on £54.1m (£34.1m).

The acquisition of the paperboard mill and solid board case-making operations at Purfleet had benefited the paper and packaging division and capital investment in fixed assets during the year totalled £48.3m. Acquisitions totalled £39m and since the year-end BPB had bought the Rigips plasterboard and gypsum interests for £69.4m to provide an excellent strategic opportunity to develop the group's European activities.

Tax took £56.1m (£38.4m) and attributable profits amounted to £88.3m (£63.2m).

● **comment**

For the second year running BPB has produced a dramatic increase in pre-tax profits—though not quite dramatic enough for a market which had over-egged the price in the run-up to the figures. The main factors driving the profits advance remain the buoyancy of the UK building industry combined with plasterboard's increasing popularity as a construction material: with its virtual monopoly of the UK plasterboard market intact, BPB enjoyed an 8 per cent increase in volume. The current year will benefit from April's 3½ per cent price increase and further strengthening in demand. The buoyancy of the construction industry in Western Europe continues to bode well for the Continental operations and the Intergips acquisition, an attractive move for the medium to long term, will be making an eight - month contribution. Analysts are forecasting around £180m for a p/e of 14½ at yesterday's 810p, putting the shares at a well-deserved but probably sufficient premium to the sector.

Westwood re-listing delayed

By Steven Butler

A DELAYED courier delivery across the Atlantic caused 25 minutes of confusion on the Stock Exchange yesterday.

An announcement of the re-listing of Westwood Dawes' shares was followed swiftly by a correction that renewed trading in the company's shares would have to wait a little longer.

For followers of the mechanical handling engineer, false starts appear to have become a regular feature of business. Several shareholders' meetings were postponed earlier this month while shareholders worked out their differences over a major acquisition and share issue.

The acquisition of Hugh J. O'Neill, the Canadian engineering parts supplier, was to have been completed on Wednesday. Yet the all-important share certificates failed to make the finish line, and the banks decided they could wait another day.

Someone evidently forgot to tell the stock exchange. If all goes well, the shares are scheduled for reintroduction today, but they will only trade under the Westwood Dawes name for a brief period.

After July 17, following the closing of a rights issue in connection with the acquisition, Westwood Dawes will change its name to Mining Allied and Supplies, the parent company of Hugh J. O'Neill.

Westwood Dawes did not want to confuse shareholders by changing its name prior to the closing of the offer. They have evidently had enough to be confused about already.

Burndene rises 68% to £1.25m and optimistic

Burndene Investments, caravan and clothing manufacturer and property developer, produced a 68 per cent improvement in interim pre-tax profits to £1.25m and predicted higher profits for the second half.

Turnover for the six months to March 28 rose from £8.48m to £10.81m. After tax of £412,760, earnings per share improved from 7.26p to 8.18p, and the interim dividend lifted from 1.25p to 1.5p.

Sales in caravan manufacturing and park operation rose by 26 per cent, with pre-tax profits at £595,000 (£443,000). Hosiery sales lifted by 27 per cent, with profits at £382,000 (£260,000).

Bett Brothers lifts profits to £0.43m halfway

ALTHOUGH first half trading conditions in the building sector were similar to the previous year, the favourable results from Bett Brothers' other diversified interests enabled overall profits for the six months to end-February 1987 to rise from £411,529 to £431,491.

Turnover for the group, which is also involved in property investment, licensed premises management and commercial vehicle distribution, improved by 14 per cent to £8.11m (£7.1m). The directors envisaged that turnover and profits for the full year would be similar to the £15.41m and £848,906 respectively last time.

They are paying a 1.3p (1.2p) interim dividend from earnings ahead from 1.59p to 1.87p per 20p share.

The company has increased its investment in property development, directors said.

Reed sells Hollins mill

BY NIKKI TAIT

Reed International, the publishing, packaging and paper conglomerate which last week finalised the sale of its paint and DIY division to Williams Holdings, yesterday announced that it is selling its Lancashire-based Hollins paper mill to David S. Smith, the fast-growing packaging and paper group headed by Mr Richard Brewster.

Reed stressed yesterday that this is not a forerunner for other divestments. Although no purchase price is disclosed, the deal is thought to be very small.

Hollins, which produces base paper for the wallcoverings industry, will become part of David Smith's St Regis subsidiary.

In the year to end-March 1987, the company had sales of around £10m—about 8 per cent of Reed Paper and Board's turnover.

Crown TV loss

Crown Television Productions has reported a pre-tax loss of £227,000 (£142,000 profit) for the six months ended March 31 1987 and is omiting the payment of an interim dividend (1.05p).

The directors also warn that while they were confident of an early return to profitabiliy they could not be certain of recouping the first half losses during the remainder of the year. It seemed unlikely therefore that any dividend would be paid for the year ending September 1987.

Turnover for the period was £1.83m (£1.73m) and the operating loss was £29,000 (£240,000 profit). There was no tax (£40,000) leaving a loss per share of 2.4p (1.1p earnings).

Moorgate Mercantile

Moorgate Mercantile Holdings, instalment credit finance and leasing group, boosted 1986-87 profits by 74 per cent from £1.04m to £1.8m and predicted sustained progress for this financial year.

Turnover for the year to March 31 rose by 38 per cent from £25.82m to £35.6m. Operating profit was £4.54m (£3.63m) and interest payments were higher at £2.72m (£2.59m). After tax of £635,000 (£420,000), attributable profits were £1.18m (£619,000) and earnings per share worked out at 2.61p to 4.54p.

A recommended final dividend of 1.35p (1.1p) makes 2p for the year, compared with 1.6p last time.

Chelsea Man

Chelsea Man, the men's clothing retailer, raised its profits from £959,000 to £1.61m at the pre-tax level on a turnover up from £3.55m to £4.8m for the year to March 31 1987.

UK COMPANY NEWS

Greycoat's £9m tops City hopes

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Greycoat, the property group, yesterday announced increased earnings and a higher net asset value per share that went beyond the optimistic assumptions of the City.

The immediate reaction was for the share price to firm 12p to 422p in a generally strong property sector, still buoyed by the price paid by Ohbayashi, the Japanese group, for Bracken House, headquarters of the Financial Times.

Pre-tax profits for the year to last March were £9.1m, double the £4.57m earned in 1985-86. Earnings per share rose to 11.4p from 9.1p.

The higher earnings enabled Greycoat to lift its final dividend to 1.55p to make a total payment for the year of 2.75p compared with 2.1p the year before.

Greycoat has been pursuing a policy of building up its asset value and this came through in the annual figures with the disclosure that the net asset value per share has reached 301p from 248p a year before.

The figure excludes revaluation surpluses from all properties in the course of development.

The pursuit, however, cost Greycoat an extraordinary debit of £2.17m because of its unsuccessful attempt to take over Property Holding and Investment Trust.

But as Greycoat has a development programme of £450m, of which £350m-worth has been either paid for or financed, the net asset value per share is likely to increase steadily.

The great strength of the portfolio under current market conditions is its exposure to the City of London market.

The size of the investment portfolio is now £179m in properties owned directly with a further £68m coming from properties owned by associates.

Over the last year more properties have been fully let and this would have been one factor in lifting the 1986-87 turnover to £10.2m from £9.1m the year before.

Mr Godfrey Wilson, the chairman, told shareholders that they could look forward to substantial surpluses being generated over the next two or three years as developments in hand are completed and revalued when they are substantially let.

Trafalgar renews bid to acquire portfolio

By Paul Cheeseright, Property Correspondent

Trafalgar House, the shipping, property and construction group, has renewed its bid to start discussions with the committee of management of the Pension Fund Property Unit Trust as part of a campaign to acquire its property portfolio.

This follows indications received by Trafalgar House that holders of 15 per cent of the PFPUT units would like to have an extraordinary general meeting to discuss the sale of that portfolio.

Trafalgar House, faced with a refusal by the PFPUT committee of management to entertain a £200m bid for the portfolio, has written directly to the unit holders informing them of the offer.

But, although it has received a 15 per cent sympathetic response, more than enough to have an extraordinary meeting called, it remains far short of the 75 per cent acceptance needed to bring about what would in effect be the wind-up of the trust and the disposal of its assets.

The group thus needs, if it can, to work out some form of agreed approach with the committee of management.

Decisive moves to settle to future of PFPUT are unlikely, however, before the annual general meeting on July 16.

Schroders, the merchant bank advisers of PFPUT, noted that there would be full-ranging discussion then to tory and find a means of unlocking the value of the property portfolio.

This really means seeking some form of Stock Exchange listing, a path bristling with difficulties given the regulatory and tax framework governing the trust itself and the pension funds which invest in it, or selling the portfolio to the highest bidder.

If the latter course emerged Trafalgar House would then find itself in competition for purchase with asset-hungry property companies.

Rationalisation strategy helps Macarthy lift its profits by 53%

BY PHILIP COGGAN

THE BENEFITS of rationalisation helped Macarthy, the pharmaceutical wholesaler and retailer, to boost its interim pretax profits by 53 per cent in the six months to March 31 on sales only 6.4 per cent higher.

Macarthy has changed its financial year-end but figures for the six months to April 30, 1986 are shown for comparison. Early last year, new management was installed at the group under Mr Nicholas Ward, an ex-Guinness executive, after the intervention of a group of institutions.

As part of Mr Ward's rationalisation, six separate business units have been combined in a new group, Macarthy Medical, which enabled five depots to be closed, with their business transferred to other sites.

The Glasgow depot has been refitted and is now supplying the whole of Scotland and further refurbishments are planned at Romford, Redditch and Wembley.

Farillon, the specialist pharmaceutical distributor, and Willington, the veterinary supply company, each performed satisfactorily, although the latter was operating in a difficult market.

The company has recently moved into the health-food market via the £1.7m acquisition of Nature's Store, which is a wholesaler, and the purchase for just £1 of Lifecycle, a retailer, which Macarthy expects to make a contribution next year.

Profits in the manufacturing and distribution division were £3.05m (£2.55m) on sales of £131.2m (£124m) and in retailing profits were £582,000 (£195,000) on sales of £16.1m (£14m). After deducting group management costs of £337,000 (£353,000) and interest payable of £670,000 (£678,000) pre-tax profits were £2.62m (£1.71m).

machine 42 —— 8 on 8½ ——

The tax charge was £944,000 (£662,000) and earnings per share were 62 per cent higher at 12.6p (7.8p). The interim dividend is being set at 4.5p (3.5p).

Analysts were yesterday forecasting full year pre-tax profits of £5.6m putting the shares at 485p on a prospective p/e ratio of 18.

Parkdale improves to £1.2m

Parkdale Holdings returned pre-tax profits of £1.24m for 1986-87, an improvement of 38 per cent over the previous year's £902,026.

A final dividend of 1.2p raises the total from 1.6p to 2p net on the capital enlarged by last December's £6.8m rights issue. Earnings emerged at 5.83p (5.79p).

The company also announced that Mr F. C. Lilley had resigned as chairman but remains a non-executive director and that Mr N. A. McMahon Turner, the present deputy chairman and managing director, had been appointed executive chairman. Mr R. R. Breare has been appointed chief executive with immediate effect and Henry Schroder Wagg & Co has been appointed corporate adviser to the company.

The directors said yesterday that the strengthening of the executive members of the board reflects the company's intention to pursue a strategy that will include a new commercial trading division as well as the existing property and financial services divisions.

They added that the commercial trading division would acquire companies in the leisure and light industrial sectors where there is considerable growth potential.

Turnover for the year to April 30, pushed ahead from £1.88m to £2.01m.

Pre-interest profits broke down as to property rents £405,019 (£338,556), disposals £942,526 (£804,378) and financial services £139,146 (£57,676).

Local London £10m purchase

BY DAVID WALLER

Local London Group, the property company which has grown rapidly since it joined the USM last September, yesterday announced the £10.35m acquisition of the Seimonde Group of private companies.

Seimonde operates two business centres in south-west London, value at £2m, and owns 10 commercial properties and 18 residential properties worth a further £4.8m. Its net assets are £6m.

It made pre-tax profits of £190,000 in the year to April 1986.

Mr Andrew Blurton, Local London chief executive, said that profits for 1986-87 were expected to be substantially more than that.

He was confident that the acquisition would result in an increase in both net assets and earnings per share.

The purchase is to be financed by the placing of 1.4m Local London shares at 735p, approximately 10 per cent of the company's enlarged equity. There will be a claw-back facility for existing shareholders.

Local London shares closed yesterday 10p down at 790p.

All-round growth pushes Syltone profits up 51%

THE 51 per cent rise in pre-tax profits at Syltone for the year ended March 1987 reflected a continuation of the improving trend in half-yearly results, Mr J. A. Clegg, chairman, said yesterday.

With turnover up by 13 per cent to £22.93m (£20.22m), the pre-tax result rose from £802,000 to £1.21m. The directors are recommending an unchanged final dividend of 6.4p for a maintained total of 10p.

Mr Clegg said the principal businesses of Syltone, which include the engineering and manufacture of pumps, compressors, power take-off and other equipment for commercial vehicles, continued to contribute handsomely to group profits.

Overseas the relative weakness of sterling against European currencies had more than counterbalanced the difficulty of exporting competitively to the US during a period when the dollar was weakening.

The group's profitability had enabled it to maintain high levels of research and development expenditure which the directors regarded as essential, the chairman added.

After tax of £375,000 (£202,000) and minorities of £3,000 (£5,000) earnings per share recovered to 21.34p (14.47p).

Bremner details Carswell offer

By Philip Coggan

Bremner, the property and department store group, yesterday announced details of its proposed acquisition of Carswell, the Glasgow stockbroking firm.

The initial consideration will be £1.35m to be satisfied by the issue of 1.8m Bremner shares and is based on Carswell's pretax profits of £280,000 for the year to April 24 1987.

Further consideration will be based on future profit levels. The deal must be approved by Bremner shareholders at a meeting scheduled for July 23, where a dissident group will attempt to unseat the Bremner board.

Bremner's share price has risen from 75p to 110p since the deal was announced.

Yesterday, Mr Andrew Greystoke, chairman of City and Westminster Financial, which is the main shareholder opposed to the Bremner board, announced that he was joining the board of Lanca, the handbag wholesaling company, in which CWF and friendly parties own a 29.9 per cent stake.

Wooltons Betterware

Wooltons Betterware, the Midlands-based soft furnishings retailer and manufacturer which came to the USM last October, beat its £1m profit forecast by £203,000 for the year ended February 28 1987.

Turnover last year was £19.97m (£14.37m); tax took £433,000 (£288,000) leaving net profits of £770,000 (£432,000) for earnings of 8.63p (5.22p) per share. The final dividend is 2.5p as forecast.

Mr Andrew Cohen, managing director, expressed confidence that existing organic growth would continue. He said current trading trends for all the group's activities were encouraging, with sales in the first quarter well ahead.

BOARD MEETINGS

The following companies have notified dates of board meeting to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims — Bermuda International Bond Fund, First National Finance, First National Securities, Greenwich Cable Communications, Warner Holidays.

Finals—William Cook, Electric and General Investment, Harold Ingram, Marston Thompson and Evershed.

FUTURE DATES

Interims—	
Allied Textile	July 22
ASEA	Aug 19
Crescent Japan Investmnt Tst	July 14
Newman Tonks	July 2
New Tokyo Investment Trust	July 14
Sandvik	Aug 24
Union Discount	July 15
Widney	July 9
Finals—	
Associated British Engineering	July 3
Elbief	July 23
Mercury Asset Management	June 30
Mercury International	June 30
North Housing Association	June 30
North of Scotland Investment	July 3

Raeburn ahead 49%

Raeburn Investment Trust produced a net asset value per ordinary share of 617.8p at the end of the six months to May 31 compared with 500.9p last time.

Revenue after tax rose by 49 per cent from £1.33m to £1.97m.

The interim dividend rose from 5p to 7p, and directors forecast a final dividend of not less than 9.5p, making a total for the year of 16.5p, against 13.5p last time.

Earnings per share rose from 4.82p to 7.22p.

H. Young buys

H. Young Holdings, the financial services and distribution group, is to buy Toolrange, the tool distributor, for £1.85m.

The consideration is being satisfied by the issue of 1.26m shares which existing equity holders will be able to subscribe for at 147p on a ratio of two for every nine held.

UK COMPANY NEWS

CHI doubles profits to £4.3m after purchases

BY ALICE RAWSTHORN

C. H. Industrials, the industrial holding company, yesterday unveiled doubled pre-tax profits of £4.3m for its last financial year on turnover which rose by 85 per cent to £55.92m reflecting both organic and acquisitive growth.

The specialist engineering and design business fared particularly well during the year to March 28. Turnover soared to £20.3m (£7.29m) and profits trebled to £1.8m (£570,000). Aston Martin Tickford, which manufactures automotive products and became a subsidiary in October, and Tudor Webasto, a car sun roof manufacturers were the strongest performers.

The new office products and shopfitting division—composed of Parnell and Siegal & Stockman both acquired last year—produced profits of £1.35m on turnover of £8.04m. Mr Tim Hearley, chairman, said that CH intends to invest in these businesses and to add to the division by acquisition.

Chemical and polymer products were the only dull performers with profits of £2.05m (£2.12m) on sales of £26.83m (£22.36m). Demand for both building chemicals and polyurethane foam recovered in the second half, however, and the recovery has continued into this year.

Propert yand investment contributed profits of £244,000 (£15,000) on turnover of £750,000 (£648,000) and associated companies £213,000 (£329,000). Earnings per share increaesd to 9.32p (7.52p) and the board proposes a final dividend of 2.225p making 2.8p (2.4p) for the year.

Mr Hearley said he anticipated a "major increase" in turnover with "profits to match" in the present year. The group is now scouting about for acquisitions in complementary areas of activity.

Kleinwort Grieveson, the group's stockbroker, forecasts profits of £6.3m and earnings per share of 11.3p for the year. This leaves the shares, which have risen rapidly in the last year or so, fairly valued on a prospective p/e of 19 at yesterday's share price of 212p.

Bluebird Toys in £3.5m acquisition

BY MIKE SMITH

Bluebird Toys, the fast-growing USM-quoted company, is moving into children's games and science kits through the £3.5m acquisition of Peter Pan Playthings from Hanover Acceptances.

The deal, which will be funded by the issue of Bluebird paper, will have an immediately beneficial effect on the company's earnings per share, Mr Torquil Norman, chairman, said yesterday.

Peter Pan's products include the screen game Etch-A-Sketch, Salters science and electronic hobby sets, and Plasticine. In 1986 it made pre-tax profits of £310,000 on sales of £7.7m and this year Bluebird expects it to produce about £500,000 pre-tax.

Bluebird, maker of Big Yellow Teapot, Mr Chimney Pot and Aerobie, has expanded rapidly through organic growth since it joined the USM 2½ years ago and its shares have risen from the flotation price of 90p to last night's 418p, up 20p on the previous close.

In 1986 it made £1.74m pre-tax and analysts expect the enlarged group to make about £2.6m this year.

Bluebird has arranged for the placing of 921,000 shares, representing 16.5 per cent of its existing equity, to pay for the acquisition. Under a clawback facility shareholders will be able to subscribe for about half of these. They will be entitled to one share, costing 380p, for every 12 held.

Hughes Food exceeds its forecast and calls for £16m

BY STEVEN BUTLER

Hughes Food Group, the fast-growing USM-listed company, yesterday reported earnings per share of 2.6p for the year to the end of March, 87 per cent higher than forecasts made at the time of its July 1986 flotation for a reporting period ending at the end of February.

Pre-tax profits were £2.01m, compared with a forecast of £900,000, on a turnover of £25.76m. A dividend of 0.5p was declared for the 18 months to the end of March, reflecting a change in Hughes accounting period.

Hughes also announced the acquisition of Peterhead Ice Company for £2.76m and a rights issue aimed at raising £15.6m. The share issue will pay for the acquisition, wipe out group borrowings, and leave Hughes with cash to pursue further acquisitions currently under consideration.

Hughes is an integrated food company with interests in food-processing machinery, cold storage and ice, fish processing, and other food processing.

Acquisition of Peterhead Ice is aimed at bringing Hughes into closer contact with the fishing community in Peterhead, the major whitefish port, where Hughes is also building a cold storage facility. Peterhead had a turnover of £809,597 in 1986, with pre-tax profits of £333,231.

Some £13.61m new ordinary shares are to be offered on a one-for-four basis to existing shareholders at 130p. Hughes shares yesterday closed up 5p at 146p, bringing market capitalisation to £78.81m.

Celestion profits slip back to £769,000

CELESTION INDUSTRIES, a manufacturer and distributor of sound reproduction equipment and clothing, yesterday reported a 28 per cent fall in pre-tax profits from £1.07m to £769,000 in the year ended April 4 1987.

At the half-year stage, the company announced a loss of £25,000 compared with a loss of £140,000 for the corresponding period of the previous year. At that time, the directors said they were on target to exceed the 1985/86 results.

For the full year, profit on sound reproduction equipment was up from £180,000 to £248,000 but the clothing side fell from £794,000 to £521,000.

Total turnover improved from £41.66m to £43.79m. Suspension of pension scheme contributions benefited pre-tax profits to the tune of £198,000 but there was no dividend income from listed investments (£94,000).

Tax of £208,000 (£380,000) left earnings per share at 2.4p (2.9p). The dividend is held at 1p.

There was no profit on sale of investments this time (364,000) but factory closure costs amounted to £38,000

Stead & Simpson boosted by motor dealerships

An exceptionally good year by Stead & Simpson's motor dealerships helped the company to turn in record results for the year ended March 31, 1987. Pre-tax profits rose nearly 7 per cent to £5.5m against £5.16m, on turnover 10 per cent up at £70.13m compared with £63.74m.

Footwear profits, some 78 per cent of the total, were down by 3.7 per cent to £4.29m due to difficult trading conditions and on the costs side the group suffered some abnormal rent reviews with an overall increase in rentals of £775,000.

In the first 11 weeks of the current year, footwear trading has increased by 12 per cent while motor dealerships turnover increased by 8.5 per cent. Profits on the motor side broke the £1m barrier at £1.2m for the first time.

Tax charged was down slightly at £1.92m (£2.1m) leaving net profits of £3.58m (£3.06m) added to which were property profits virtually the same at £1.65m (£1.66m). Earnings per ordinary and "A" ordinary share worked through at 6.2p (5.31p).

Dividends on the ordinary and "A" ordinary shares have been increased from 3.55p to 3.9p with a recommended final of 2.7p (2.45p).

Stainless Metalcraft down as turnover rises to £4m

Stainless Metalcraft, maker of stainless aluminium and exotic metals in the nuclear, medical and aerospace industries, reported pre-tax profits down from £445,000 to £414,000 in the six months to February 28 1987. Turnover, however, rose from £2.97m to £4.43m.

Profits were affected by the rescheduling by Oxford Instruments Group of its requirement for Unistat deliveries; by costs associated with the commencement of a £3m nuclear contract; and a slower than anticipated build-up in orders for the new pipework subsidiary.

The directors, however, remained confident that the group would make good progress over the year as a whole.

First-half earnings per 25p share were 4.9p (5.8p). The interim dividend is unchanged at 3p and a modest increase in the final is expected.

Marler Estates

Priest Marians Holdings has purchased another 50,000 shares in Marler Estates bringing its total holding up to 450,000 ordinary (6 per cent of the equity).

Huntingdon in £4.3m purchase

Huntingdon International Holdings, the biological safety testing, engineering consultancy and chemical service company which was introduced to the London stock market in March, announced yesterday that it is to buy Northern Engineering & Testing Inc, for about £4.3m.

Huntingdon first revealed that it was in discussions with the Idaho-based company two months ago. Northern Engineering acts as an engineering consultant in the north-west of America.

The UK company is paying via the issues of 293,092 shares to the vendors. These are being placed by Huntingdon's bankers, Schroder Wagg, at £14.60, netting some $6.8m for the sellers. Yesterday, Huntington shares added 30p to 1475p.

COMMODITIES AND AGRICULTURE

Zimbabwe tobacco prices down by a third

By Tony Hawkins in Harare

WITH 35 per cent of the 1987 flue-cured tobacco crop sold, average prices on the Harare auction floors are a third lower than a year ago.

At the annual congress of the Zimbabwe Tobacco Association, which represents the country's 1,400 growers, Mr Jeremy Webb-Martin, the president, warned that on present trends tobacco farm income could fall by as much as Z$60m (US$36m) this year to below Z$300m — a decline of some 17 per cent in a year in which production costs rose by at least 15 per cent.

Mr Webb-Martin estimates that 200 growers are currently facing losses of between 125 Zimbabwe cents and 200 cents for every kg of leaf sold.

Industry officials believe that up to 300 growers could be forced out of tobacco this year unless rescued by the banks. Bank spokesmen have said there can be no "group rescue" of growers but that each individual case will be examined sympathetically on its merits. Low auction floor prices are blamed on the poor quality crop following what has been called Zimbabwe's worst drought for 40 years. International tobacco demand is sluggish at a time when Brazil has produced a larger and better-quality crop and when the US is running down its leaf stockpile, disposing of tobacco at bargain-basement prices.

One tobacco expert here says that because of the drought the proportion of low quality tobacco coming on to the floors has more than doubled from last year.

The volume of leaf being sold this year is estimated at 133m kgs—up 16 per cent on last year and the largest crop for 23 years. Buyers say that an additional reason for poor quality is that growers focused on bulk rather than quality and are now paying the price. Tobacco is Zimbabwe's chief export worth Z$424m last year and accounting for some 20 per cent of total exports. Lower prices this year will affect exports in the latter half of 1987 and early next year with exports this year being forecast at Z$375m.

It is being argued strongly by some growers that a further important reason for the weak auction floor prices is the fact that over the past year the Zimbabwe dollar has remained stable against the US dollar

Brazil suspends soyabean export registrations

BY ANN CHARTERS IN SAO PAULO

CACEX, Brazil's foreign trade agency, has temporarily suspended export registration for soyabeans, oil and meal—much to the dismay of soyabean producers and the industry.

Encouraged by high international prices, export volumes were up dramatically through mid-June causing concern in government circles that shortages of beans and oil in the domestic market could result.

Industry sources complained that government interference in the marketing of the soyabean complex changes the rules and contradicts government statements that exports are to be encouraged. One producer stated that it made more sense for the country to export at high prices now and buy later in the year, if necessary, when US soyabeans hit the market, and prices are likely to drop.

Through mid-June, exports totalled slightly more than 3m tonnes of beans, 899,000 tonnes of oil and 5.1m tonnes of meal.

This year's soyabean harvest was about 17.3m tonnes. Domestic consumption normally accounts for between 12m and 13m tonnes of beans, since soyabean oil is a staple of the Brazilian diet.

With the current price freeze on oil domestically, manufacturers found export markets more lucrative. Edible oil producers worry that the Government is contemplating an export tax that would in effect discourage sales abroad and guarantee local supplies.

Because soyabean prices follow the international market prices, oil producers purchase beans for crushing at international price levels. If the Government removes the export profit margin, which industries use to compensate for lower margins internally, the sector will be squeezed.

This week, another edible oils company declared pre-bankruptcy proceedings—the second major oil company to take this step in recent months.

Pollution control hits Boliden

BY SARA WEBB, STOCKHOLM CORRESPONDENT

BOLIDEN, the Swedish mining metals and chemicals group, is cutting copper production at its Ronnskar works to comply with government pollution controls.

The announcement shows that Sweden, which has vociferously criticised neighbouring countries over sulphur dioxide emission and acid rain, is prepared to be tough at home.

Boliden was ordered by the Government last December to cut the sulphur dioxide emission at its copper smelting works in Ronnskar by 50 per cent to 5,000 tonnes per year before 1992.

Boliden's Board decided to restructure its operations by closing some of the plants at Ronnskar and cut the workforce by almost 25 per cent, from 1,900 to 1,500, by the autumn of 1989.

The Ronnskar works consist of Sweden's only copper smelting operations. Boliden said that the production of refined copper at Ronnskar will stay at about 95,000 tonnes per year, but that it will stop producing between 10,000 tonnes and 12,000 tonnes per year of unrefined or blister copper for sale as this is no longer economically viable.

The group has decided to close its copper TBRC (top blown rotor converter) plant which produces a lot of sulphur dioxide, as well as its lead conversion plant. This will be replaced in the existing lead TBRC plant to give the same output of lead as before—65,000 tonnes per annum.

Finally, Boliden plans to close one each of the two sulphuric acid and liquid sulphur dioxide plants.

The group aims to increase its investment in the lead plant by SKr 60m ($9.4m) and in the copper smelting plant by SKr 30m. And while Boliden at first bitterly contested the order to cut sulphur dioxide emission, it now concedes that the decision has had a positive effect—"we are going to reduce our costs by about SKr 100m a year," said Mr Bo Ingemarson, Boliden's finance director.

Redundancy costs are not expected to be high, he says, because most of the job cuts will be through natural and early retirement.

US grain support freeze proposed

BY NANCY DUNNE IN WASHINGTON

THE AGREEMENT between US Senate and House negotiators last week on a 1988 budget may bring to an end the two year slide in US wheat and maize prices precipitated by the 1985 Farm Act.

The budget requires a $1.25bn cut in spending on agriculture. To save an estimated $500m of that, Mr Dan Glickman, a Kansas democrat and chairman of the House grain sub-committee, has introduced a Bill, with the backing of 15 members of the agriculture committee, which would freeze US loan rates at current levels.

A freeze, he said, will save the Government $500m in subsidies because the Government pays most farmers the difference between the loan rate and a set target price which is linked to the cost of production.

"The Reagan era in agriculture is coming to a close," Mr Glickman said. "Any further lowering of the loan rates is unacceptable." By holding the line on loan rates, farm income is bolstered, he said.

Under the 1985 Farm Act the agriculture secretary was given the authority—but was not required—to lower loan rates by a set percentage each year in order to make US grain prices competitive. Target prices were to hold steady for two years before declining slightly.

Loan rates establish a price floor for US grains. At one time they established the world price floor, but as world production has expanded and stocks have mounted, competitors have sold under the US price.

The 1987 loan rates are $2.28 a bushel for wheat and $1.92 for maize.

Iran argues for Opec restraint

BY RICHARD JOHNS IN VIENNA

IRAN IS proposing to other members of the Organisation of Petroleum Exporting Countries that any increase in the ceiling on collective output for the rest of this year should be limited to 800,000 barrels a day above the current 15.8m barrels level, in force since the start of 1987.

Before the start of the full Opec conference here yesterday Mr Gholamreza Aghezadeh, the Islamic Republic's Minister of Oil, strongly attacked Dr Mana Said al Otaiba, his counterpart from the United Arab Emirates, for a report prepared by Opec's market monitoring committee, headed by the UAE chief delegate, which the Irani minister considered very complacent in its assessment of demand for Opec oil.

Mr Aghezadeh is understood to have focused his verbal assault on the UAE because it exceeded its production quota.

The thinly populated UAE which has managed to maintain reasonable relations with Iran in spite of the Gulf conflict has maintained an output of about 1.3m b/d compared with an entitlement of 950,000 b/d agreed in Geneva last December when Opec set about restoring a price level around a central reference of $18 a barrel.

It is believed that Saudi Arabia and Kuwait, the two most powerful members of Opec, which wanted to see the limit raised to 18.3m b/d as envisaged provisionally in the agreement, will agree in the final analysis to the Iranian proposal.

If accepted, the intended restraint on output would do much to stabilise oil prices around the $18 per barrel, in the opinion of Western oil traders and analysts observing the meeting.

At a stormy session of the market monitoring committee on Wednesday night, Iran is understood to have received support from other members represented — namely Algeria, Equador and Libya.

Iraq's new chief delegate, Mr Issam Abdul-Rahman al Chalabi, kept a low profile. That was understandable, because Iraq opted out of the pact on production and pricing. Recently it has been producing at a rate of 2.1m b/d compared with the quota conceded to it by the other 12 members of only 1.46m b/d.

Iran, which has been unable to export as much oil as it would like because of Iraqi air attacks, is particularly worried by the possibility of Iraq pumping another 500,000 b/d through a new pipeline to Ceyhan on Turkey's north-eastern Mediterranean coast in the near future.

Oil markets recovered yesterday afternoon by about 25 cents, reversing a decline that set in late last week, writes Lucy Kellaway.

In London the price of Brent crude for delivery in Europe closed at about $18.80 cents, while by early afternoon West Texas Intermediate was trading at $19.59 up 19 cents on the day. Traders said yesterday that the market now expects Opec members to endorse an increase in quotas, as laid out at the December meeting.

Oil prices have fallen by nearly 50 cents since last week as earlier hopes that Opec would maintain quotas as present levels are now regarded as optimistic.

Nymex launches heating oil options

BY LUCY KELLAWAY

THE FIRST options contract based on oil products will be launched today when trading in heating oil options gets under way on the New York Mercantile Exchange.

The new contract is the second energy option to be launched at Nymex and follows the successful introduction in November last year of options on crude oil. The crude contract is the fifth most active option in the US, with average volume this year running at 7,000 contracts a day.

The launch of heating oil options in New York comes just a month before London's International Petroleum Exchange introduces its first energy option, which will be based on its established gas oil futures contract.

The rapid acceptance of energy options has been in contrast to the relative calm that has ruled in oil markets since the crude contract started trading. Like futures, the usefulness of options increases with the volatility of the price of the underlying commodity. Traders have found, nevertheless, that through increasingly complex trading strategies, they can make money out of the fairly small price fluctuations seen in the oil market over the last six months.

The large broking firms in New York evidently expecting the new contracts to get off to an active start, judging from the weight of literature which they have been circulating to their clients on sophisticated strategies using heating oil options.

Some traders said yesterday, however, that the first day or two might be slow as speculators waited for the final outcome of the Opec meeting in Vienna before "getting their feet wet."

Mr William Bradt, chairman of Nymex said that he expected the new contract to have "good retail appeal," with some 9.5m homes across the US using oil for heating. "This bodes well for the contract," he said. He expected heating oil options to bring new users to NYmex, as well as providing new opportunities for existing users of the exchange.

Drexel Burnham Lambert, one of the so-called Wall Street refiners, aid yesterday that although it expected wide interest in heating options, they would never become as popular as the crude option because the underlying market is much smaller.

The heating oil contract is likely to be followed soon at Nymex by options on gasoline, for which the exchange is currently awaiting formal clearance.

Israel close to signing Cameroon crude deal

BY ANDREW WHITLEY IN JERUSALEM

A STATE-OWNED Israeli oil company is on the verge of signing a long-term crude supply agreement with Cameroon, worth an estimated $70-80m a year.

The agreement would broaden Israel's government-to-government supply relationships, at present restricted to Egypt, Norway and Mexico. The balance of the country's crude oil and products needs, which cost $924m in 1986, is usually met from the spot market.

Preliminary contacts between the Paz Oil Company, in which the Israeli Government has a controlling 75 per cent interest, and the Cameroon Government began last August when Mr Shimon Peres, then Israel's Prime Minister, was in the West African country, on a visit marking the re-establishment of diplomatic relations.

Negotiations have only taken off seriously in recent weeks, however.

Oil industry analysts believe Paz, the leading Israeli fuels company, is seeking to purchase between 15,000 and 16,000 barrels a day of heavy grade crude. Part is intended for domestic consumption and part for sale to an unidentified third country through international trading companies, a leading oilman said.

Once the proposed deregulation of the domestic oil industry is implemented later this year, other smaller Israeli oil companies are expected to follow suit, in the world-wide hunt for cheaper sources of crude.

Exploratory talks have already been held with Colombia.

According to the Energy Minister, Paz has not yet formally sought permission to import crude from Cameroon into Israel, suggesting that the entire transaction is intended for third party sales.

This claim is contradicted, however, by a senior oil industry figure associated with the negotiations.

Israel has recently stepped up its courtship of Black Africa in an intensive effort to renew diplomatic ties broken after the 1973 Middle East war, using security and technical assistance as the main lure. Mr Yitzhak Shamir, the Prime Minister, has just returned from a tour which included Cameroon, Togo and Liberia.

LONDON MARKETS

COCOA PRICES on the London futures market reached the highest levels for two months yesterday, before easing back in late trading. The September position, which had touched £1,335 a tonne at one stage, ended the day £11 up on balance at £1,317.50 a tonne. Dealers said market sentiment was buoyed by concern over dry weather in West African growing areas and was still reacting constructively to the International Cocoa Organisation's recent 75,000 tonnes support purchases. But the market remained very "fragile" they added, and could tumble back if significant fresh producer selling was encouraged by the higher prices. Yesterday the market was pressured at the highs by hedging against new crop sales by Ghana and small bean, current crop sales by the Ivory Coast. Dealers still needed to buy more cocoa after disposing of stocks to the buffer stock, they pointed out, but industrial off-take remained slow as factories ran down stocks ahead of annual holiday closures.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1550-6	—15.5	1559/1550

Official closing (am): Cash — (—), three months 1552-5 (1569-9), settlement — (—). Final Kerb close: 1545-50. Ring turnover: 1,250 tonnes.

99.5% purity	£ per tonne		
Cash	890-900	—6	901
3 months	889-90	—8.5	894/883

Official closing (am): Cash 900.5-1 (903-4), three months 891-1.5 (895-5), settlement 901 (904). Final kerb close: 883-4. Ring turnover: 24,175 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	993-5	+25	990/985
3 months	973-4	+15.75	975/960

Official closing (am): Cash 984-5.5 (987.5-8.5), three months 964-5 (958-9), settlement 985.5 (988.5). Final kerb close 973-3.5.

Standard			
Cash	979-84	+18.5	—
3 months	957-62	+8.5	—

Official closing (am): Cash 970-5 (963-4), three months 948-53 (935-7), settlement 975 (964). US Producer prices 72.5-76.5 cents per lb. Total ring turnover: 52,950 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	384-7	—4	391
3 months	366-8	—0.5	373/367

Official closing (am): Cash 389.5-90 (395-6), three months 370-1 (369-70), settlement 390 (396). Final Kerb close: 372-3. Ring turnover: 1,450 tonnes. US Spot: 24-37 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2735-45	—2.5	—
3 months	2780-5	—	2795/2745

Official closing (am): Cash 2735-40 (2730-1), three months 2779-81 (2770-1), settlement 2740 (2731). Final Kerb close: 2780-90. Ring turnover: 606 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	534-6	—	—
3 months	519-20	—0.5	526/519

Official closing (am): Cash 532-4 (534.5-5), three months 518-9 (519.5-20), settlement 534 (535). Final Kerb close: 519-20. Ring turnover: 13,250 tonnes. US Prime Western: 47.5-48.5 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
	—	—		—	
	—	—		—	
		July	Sept.	July	Sept.
Aluminium 99.5%	1,400	—	—	9	28
	1,425	40	45½	14	39
	1,450	32½	33½	—	—
Copper (Grade A)	1,525	—	—	6½	27½
	1,550	46½	48½	14	38
	1,575	31½	38½	—	—
	£/tonne				
Copper (Grade A)	950	—	—	5	16
	975	18½	25½	14	26½
	1,000	9½	15	—	—

Estimates.

TIN

KUALA LUMPUR TIN MARKET: Close 16.51 (16.49) ringgit per kg. Up 0.02 ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	June 25	
Close	$440¾-441¼	(£273½-274)
Opening	$442½-442¾	(£273-273½)
M'n'g fix	$439.00	(£272.333)
Aft'n'n fix	$440.50	(£272.975)
Day's high	$442¼-442¾	—
Day's low	$438½-439	—

GOLD AND PLATINUM COINS

Am Eagle	$453-456	(£280¼-284)
Mapleleaf	$451-454	(£279¾-281½)
Kr'g'r'nd	$440-443	(£272¾-274¾)
½ Krug	$231-233	(£143¼-143¾)
¼ Krug	$116-117	(£71¾-72½)
Angel	$448½-451½	(£278¼-280)
1/10 Angel	$43½-48¾	(£27¼-30¼)
New Sov.	$103-104	(£63¾-64½)
Old Sov.	$103-104½	(£63¾-64¾)
Noble Plat	$569-579	(£352¾-359)

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 99.27p per kg lw (−1.40). GB—Sheep 176.52p per kg est dcw (−19.65). GB—Pigs 80.57p per kg lw (+0.30).

INDICES

REUTERS

June 25	June 24	M'th ago	Year ago
1614.0	1611.0	1629.5	1461.6

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 24	June 23	M'th ago	Year ago
Spot	126.86	126.81	—	127.22
Fut	124.16	124.31	—	113.11

(Base: December 31 1974=100)

MAIN PRICE CHANGES

	June 25 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1555/575	—10	$1555/650
Copper			
Cash Grade A	£994	+25	£928.5
3 months	£973.5	+15.75	£910.75
Gold Troy oz	$441	—1	$453.75
Lead Cash	£385.5	—4	£389
3 months	£367	—0.5	£366.5
Nickel			
Free Mkt.	200/220c	—1	194/214c
Palladium oz	$135.00	—1	$140.00
Platinum oz	$546.50	—7.5	$578.50
Quicksilver†	$240/250	......	$260/270
Silver troy oz.	422.85p	—6.40	458.60p
3 months	432.35p	—6.75	469.85p
Tin			
free Mkt.	£4140/170	+30	£4190/210
Tungsten	$58.16	......	$51.47
Wolfram 22.04lb	$48 55	......	$48/55
Zinc	£535	......	£498.5
3 months	£519.5	—0.5	£497.5
producers	$860	......	$790/840
OILS			
Coconut (Phil)	$510y	......	
Palm Malayan	‡		$347.5
Seeds			
Copra (Phil)	$295y	......	$280
Soyabean (U.S.)	$187	+1.5	$153.5
GRAINS			
Barley Fut. Sept	£95.75	......	£98.00
Maize	£155.00	......	£149.00
Wheat Fut. Sept	£99.30	—0.35	£100.90
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1317.5	+11	£1256.5
Coffee Ft. Sept	£1258.5	—4	£1384.5
Cotton A Ind.*	72.20c	—1.05	80.60c
Gas Oil Aug.	$154.5	—0.5	$151.85
Rubber (kilo)	64p	+0.25	64.25p
Sugar (raw)	$171.2	+0.2	$169
Wooltops 64s	472p kilo	+2	486p kilo

‡ Unquoted. † Per 76 lb flask. c Cents a pound. * Cotton outlook. v July. z Sept/Oct. x July/Aug y Aug.

SILVER

Silver was fixed 6.4p an ounce lower for spot delivery in the London bullion market yesterday at 422.85p. US cent equivalents of the fixing levels were: spot 683.1c, down 11.9c; three-month 695.3c, down 12.4c; six-month 707.75c, down 12.75c; and 12-month 733.45c, down 12.9c. The metal opened at 424-428p (687-690c) and closed at 424½-426½p (684-687c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	422.85p	—6.40	425p	—
3 months	432.35p	—6.75	434p	—
6 months	441.65p	—6.85	—	—
12 months	460.45p	—6.85	—	—

LME—Turnover: 2 (1) lots of 10,000 oz.

Cash high/low 434.5p; three months final kerb 433-5p.

COFFEE

The market was quiet in thin trading conditions, reports Drexel Burnham Lambert. Sellers appeared reluctant to enter the market as levels held above contract lows. Light price-fixing was enough to keep the market quietly steady. Dealers preferred to stay sidelined, keeping watch on Brazilian weather and any possible increase in roaster offtake.

COFFEE	Yesterday close	+ or —	Business done
July	1230-1232	—8.0	1255-1230
Sept	1252-1253	—4.0	1260-1247
Nov.	1275-1276	—6.5	1282-1268
Jan	1295-1296	—7.0	1300-1290
Mar	1314-1320	—5.5	1325-1312
May	1330-1340	—5.0	1340-1330
July	1340-1360	—10.0	1355

Sales: 2,176 (4,200) lots of 5 tonnes.

ICCO indicator prices (US cents per pound) for June 24: Comp daily 1979 97.65 (98.43); 15-day average 101.67 (102.23).

COCOA

Opening fully steady, as a due, futures traded actively in a £25 range and closed £10 higher on the day. Producers re-entered the market and made scale-up sales during the morning with manufacturers again showing interest, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
July	1335-1339	+10.5	1350-1335
Sept	1317-1318	+11.0	1335-1315
Dec	1340-1341	+6.0	1356-1335
March	1361-1362	+11.0	1376-1358
May	1380-1381	+11.5	1395-1378
July	1398-1400	+10.5	1410-1398
Sept	1413-1415	+12.5	1425-1412

Sales: 5,983 (4,558) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for June 25: 1620.71 (1607.88*); 10-day average for June 26: 1584.95 (1555.10*).

* Official correction.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo June 22			
July	881	825/820	827/829
Oct.	875	884.5/875	889
Jan.	875/878	896/875	885
Apr.	920	920/915	939/940
July	780	880/780	830
Oct.	890	—	890
Jan.	885	—	886
April	1060	1060	1100
BFI.	901		917

Turnover: 300 (332).

GRAINS

Old crop wheat reached £2.50 up early in the day on firm store trade before easing on speculative selling. New crops eased on country hedge selling against shipper fob covering, with more interest in barley than wheat, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	122.40	+1.40	—	—
Sep.	99.30	—0.35	95.75	—
Nov.	101.55	—0.25	98.85	—0.10
Jan.	104.15	—0.25	101.35	—0.10
Mar.	106.55	—0.20	103.50	—
May	109.25	—0.15	105.80	+0.05
July	111.40	—	—	—

Business done—Wheat: July 123.50-2.50, Sept 99.30, Nov 101.80-1.55, Jan 104.35-4.15, March 106.50, May 109.25, July untraded. Sales: 136 lots of 100 tonnes. Barley: Sept 95.75, Nov 99.05, Jan and March untraded, May 105.80. Sales: 16 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no. 2 14 per cent July 93.75, Aug/Sept 94.00. US no. 2 soft red winter July 87.50, Aug 88.75, Sept 90.00. French 11½-12 per cent June 143.00. English feed fob Sept 100.50/101.50, Oct/Dec 104.50-105.50, Jan/Mar 108.75-109.50 buyer/seller. Maize: US no. 3 yellow/French transhipment east coast spot 155.00. Barley: English feed fob Aug 98.50 seller, Oct/Dec 102.50/103.00, Jan/Mar 106.50-107.50 buyers/sellers.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 101.30, W. Mids 107.40, N. West 101.80. The UK monetary coefficient for the week beginning Monday June 29 is expected to remain unchanged.

POTATOES

The market opened nervously at unchanged levels but quickly came under renewed selling pressure which pushed values back down to the lows of Wednesday. Some support was evident around £127.00 and below this level volume tended to fade away. The afternoon was featureless with a large cross providing the bulk of the volume, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov	89.00	90.50	89.00-88.20
Feb.	100.50	101.00	—
Apr.	126.90	128.90	129.50-126.60
May	141.00	142.80	—

Sales: 540 (745) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.05-17.15*	—0.075
Brent Blend	18.50-18.55*	—0.05
W.T.I. (1pm est)	19.55-19.58*	n/a
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	194-197	—1
Gas Oil	154-155	—
Heavy fuel Oil	102-104	—2
Naphtha	169-171	—

* August.

Petroleum Argus estimates

SOYABEAN MEAL

A firm market reflected improved cash and premium levels. Good two-way commercial trading and option hedg selling were the main trading features, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
August	133.0-134.1	+0.80	133.6
October	133.5-133.8	+0.85	133.8-133.6
Dec	135.1-135.8	+0.85	135.5
Feb	137.5-138.4	+0.70	—
April	138.5-138.5	+0.75	—
June	137.0-139.0	+1.50	—
August	138.0-140.0	+1.80	—

Sales: 887 (357) lots of 20 tonnes.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 64.00p (63.75p); Aug 64.25p (64.00p); Sept 64.25p (64.00p). Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No 1 246.5 (245.0); SMR 20 211.0 (210.0).

US MARKETS

IN EXTREMELY lacklustre trading the precious metals eased under the combined weight of commission house and local selling, reports David Burnham Lambert. However, light trade support was sufficient to steady prices back as the markets closed with pared losses. In copper, on the other hand, continued fund, trade and commission house buying steadied prices, touching off stops on the way. Early fund selling eased crude oil prices, but news that Opec could cut back production levels prompted trade buying which in turn forced short-covering. Cocoa eased on commission house selling despite trade buying. Coffee also eased as the trade sold in the face of commission house buying. Cotton firmed on trade buying as concern emerged over rains in the growing areas. Orange juice fell on trade selling. The grains were easier across the board, mainly on technical selling reflecting also the negative impact of outside markets. In the meats the perception that cash prices, although lower, were tending to stabilise caused nervous short-covering.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
Jan	70.40	71.50	—	—
July	70.40	71.50	70.40	70.30
Aug	70.25	71.00	—	—
Sept	69.80	70.55	71.00	69.60
Dec	69.80	69.80	—	—
Jan	69.80	69.80	—	—
March	69.80	69.80	—	—
May	69.60	69.80	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1967	1989	1995	1974
Sept	1993	2006	2000	1983
Dec	2011	2022	2018	2001
March	2027	2045	2038	2027
May	2050	2070	2058	2052
July	2065	2095	2058	2075
Sept	2112	2122	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
July	103.25	104.25	104.00	102.75
Sept	104.33	105.76	105.20	104.20
Dec	106.97	108.32	107.75	106.80
March	109.43	111.25	110.25	109.40
May	111.01	113.01	112.50	111.30
July	112.55	113.83	114.00	113.50
Sept	114.02	114.25	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
June	71.40	69.50	71.25	71.25
July	71.40	69.70	71.50	69.70
Aug	71.25	69.70	—	—
Sept	71.15	69.46	71.30	70.20
Dec	70.20	68.75	70.40	68.70
Jan	69.95	68.58	—	—
March	69.50	68.45	69.60	68.40
May	69.50	68.50	69.40	68.45
July	69.40	68.55	69.35	68.65
Sept	69.40	68.80	—	—

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
July	73.00	70.87	73.00	71.25
Oct	70.68	69.30	70.80	69.45
Dec	69.88	68.17	69.90	68.50
March	70.48	68.90	70.55	69.48
May	70.85	69.41	70.80	70.80
July	71.25	69.71	71.20	71.10
Oct	66.15	66.40	66.15	66.00

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
August	19.53	19.40	19.66	19.31
Sept	19.34	19.18	19.36	19.07
Oct	19.17	19.08	19.22	18.97
Nov	19.08	19.02	19.15	18.95
Dec	19.05	18.99	19.10	18.89
Jan	19.00	18.98	19.05	18.88
Feb	19.00	18.97	19.00	18.90
March	19.00	18.97	18.95	18.88
April	19.00	18.97	18.95	18.80

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	51.10	50.86	51.25	50.40
Aug	51.35	51.15	51.60	50.70
Sept	52.10	51.97	52.30	51.60
Oct	52.80	52.82	53.10	52.40
Nov	53.80	53.52	53.85	53.20
Dec	54.25	54.22	54.50	53.50
March	53.25	53.00	53.30	53.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	131.30	133.00	132.25	130.40
Sept	124.75	125.40	125.25	124.15
Nov	120.60	121.60	121.35	120.50
Jan	120.20	120.25	120.20	119.40
March	119.70	119.50	119.80	119.25
May	119.70	119.50	119.40	119.40
July	119.70	119.50	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
June	440.3	443.2	441.5	433.5
July	441.0	443.5	—	434.8
Aug	443.8	446.4	445.0	441.0
Oct	448.9	451.6	450.2	447.0
Dec	454.0	456.9	455.3	452.0
Feb	459.0	462.3	461.0	453.5
April	464.8	467.8	466.8	464.6
June	470.4	473.4	472.0	463.5
Aug	476.3	479.4	475.5	475.0
Oct	482.3	485.5	482.0	481.5
Dec	488.4	491.6	488.4	482.2
Feb	494.6	497.3	496.0	494.3

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	548.2	554.4	549.7	545.0
Oct	555.0	561.7	557.0	552.0
Jan	562.0	568.9	563.0	560.0
April	569.7	575.4	568.4	568.4
July	575.3	581.9	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
June	685.3	693.5	—	—
July	685.5	694.0	696.0	679.0
Aug	689.7	698.2	690.0	690.0
Sept	695.0	703.5	698.5	689.0
Dec	702.4	717.0	712.0	701.0
Jan	712.9	721.6	—	—
March	722.0	730.7	724.0	718.0
May	731.5	740.3	—	—
July	741.3	750.1	741.0	739.0

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
July	6.64	6.63	6.65	6.56
Sept	6.81	6.83	6.88	6.61
Oct	7.00	6.95	7.01	6.91
Jan	7.25	7.23	7.16	7.11
March	7.45	7.41	7.46	7.35
May	7.61	7.56	7.61	7.52
July	7.70	7.68	7.72	7.66
Oct	7.89	7.85	7.85	7.78

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
August	64.02	64.27	64.57	63.90
Oct	61.52	61.55	62.25	61.75
Dec	63.55	63.60	63.80	63.47
Feb	64.58	64.42	64.80	64.50
April	65.35	65.00	65.40	65.25
June	64.65	64.30	64.50	64.20
August	64.23	—	64.25	—

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
July	58.47	58.10	58.57	57.75
August	54.37	53.57	54.45	53.40
Oct	45.82	45.37	45.87	45.15
Dec	45.65	45.37	45.90	45.25
Feb	43.82	43.50	43.88	43.50
April	41.20	41.10	41.25	40.95
June	42.35	42.65	42.50	42.10
July	42.72	42.50	42.75	42.70
August	42.20	42.17	42.60	42.20

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
July	187.0	182.2	191.0	186.4
Sept	193.2	196.4	194.2	192.0
Dec	199.2	202.2	199.6	197.4
March	206.4	209.4	207.0	204.4
May	209.0	212.4	210.0	207.2
July	210.2	213.4	211.4	209.0
Sept	208.2	211.4	206.2	205.2

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	77.60	76.77	78.05	75.45
August	74.80	74.12	74.96	73.70
Feb	61.05	61.17	61.37	61.00
March	60.82	60.65	61.30	60.82
May	62.20	62.20	—	61.95

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	545.0	565.0	551.4	542.0
August	550.0	563.4	557.0	548.4
Sept	552.4	561.2	559.0	548.4
Nov	558.0	569.4	565.4	553.0
Jan	567.2	575.6	574.0	562.0
March	577.4	587.4	583.0	572.0
May	584.4	594.4	589.0	579.4
July	585.4	593.0	591.4	582.0
August	591.4	602.0	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	172.6	175.4	174.8	171.6
Aug	172.2	174.7	173.1	170.0
Sept	170.5	174.2	172.0	169.0
Oct	169.5	173.0	172.0	169.0
Dec	171.7	175.4	174.0	169.6
Jan	172.7	176.2	175.0	171.0
March	175.0	178.0	176.0	172.0
May	174.5	178.2	174.5	174.5
July	176.0	178.2	178.0	175.0
Aug	174.5	178.0	174.0	174.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
July	16.59	16.67	16.60	16.39
Aug	16.78	16.88	16.80	16.60
Sept	16.97	17.00	16.98	16.78
Oct	17.13	17.18	17.18	16.93
Dec	17.47	17.46	17.50	17.25
Jan	17.60	17.67	17.60	17.45
March	17.90	17.90	17.90	17.75
May	18.11	18.15	18.10	18.12
July	18.35	18.35	18.35	18.25

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
July	263.2	266.2	265.6	262.6
Sept	269.4	271.4	271.0	269.0
Dec	278.2	281.0	280.2	278.0
March	281.0	282.6	282.6	280.6
May	274.4	277.0	277.2	274.4
July	265.0	266.4	268.0	264.4

SPOT PRICES: Chicago loose lard 15.75 (same) cents per pound. Handy and Harman silver bullion 684.0 (691.0) cents per troy ounce. New York tin 309-12 (310-12) cents.

SUGAR

LONDON DAILY PRICE—Raw sugar $171.20 (£106.40), up 20c (up 40p) a tonne for July-August delivery. White sugar $180.40, unchanged.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	155.0-155.4	151.0-151.4	155.0-151.0
Oct	157.2-157.4	156.2-156.4	157.4-155.4
Dec	161.2-162.4	160.6-161.4	160.8
Mar	166.0-166.4	165.6-166.0	166.6-165.4
May	169.0-170.0	168.8-169.4	169.4
Aug	172.6-174.0	172.0-173.4	—
Oct	175.6-176.4	174.4-175.4	—

Sales: 1,891 (1,406) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £210.50 (£210.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for June 24: Daily price 6.406 (6.45): 15-day average 6.44 (same).

PARIS—(FFr per tonne): Aug 1105/1107, Oct 1137/1139, Dec 1162/1172, March 1205/1210, May 1235/1245, Aug 1270/1290.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
July	153.25	—0.25	153.75-52.50
Aug	154.50	—0.50	155.00-54.00
Sept	157.00	—0.75	157.25-56.00
Oct	159.00	—1.25	159.75-58.25
Nov	162.00	—0.50	162.00

Turnover: 3,537 (2,196) lots of 100 tonnes.

Rise in Philippine coconut exports

PHILIPPINE coconut exports rose to 511,576 tonnes in copra term sin the first three months of 1987 compared with 507,110 tonnes a year earlier, the United Coconut Association of the Philippines told Reuters.

Export income in the first quarter fell to $111.35m from $121.05m.

March exports rose to 180,565 tonnes from 167,086 in February. March 1986 exports totalled 180,615 tonnes.

Coconut export income in March fell to $42.34m from $46.74m in February and $44.10m a year earlier.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound steady

THE DOLLAR was confined to a narrow range in currency markets yesterday. It recovered some of the ground lost on Wednesday as speculators acted on comments by Mr Satoshi Sumita, Governor of the Bank of Japan, claiming that the dollar was likely to stabilise. This was seen as an attempt to repair the damage made earlier by suggestions that the dollar would not rise because of the size of the US trade deficit.

The absence of any fresh economic data deprived the market of any incentive and some traders suggested that central banks were probably keen to keep the dollar within a set trading range, in line with discussions at the economic summit in Paris and Venice. With the trade deficit limiting the dollar's upward potential and the US authorities emphasising the potential damage of a weaker US unit, some sort of stability appeared to be most likely although the majority of trading volume, made from taking speculative positions would like to try and encourage greater movement.

The dollar closed at DM 1.8280 from DM 1.8225 and Y146.3 from Y145.0. Elsewhere it finished at SFr 1.5185 up from SFr 1.5110 and FFr 6.10 against FFr 6.0825. On Bank of England figures, the dollar's exchange rate index rose from 102.0 to 102.2.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 72.2 against 72.3 at the opening and Wednesday's close. The six months ago figure was 69.0.

Sterling remained confined to a narrow range. There were no trade figures published yesterday because of industrial action and there were no other economic figures to influence trading.

The pound recovered much of its poise after the recent shake out but dealers were unsure about its direction since so much seemed to depend on the performance of the dollar.

The pound's exchange rate index finished at 72.2 from an opening level and Wednesday's close of 72.3. Against the dollar it fell to $1.6125 from $1.6215 and DM 2.9475 from DM 2.9550. It was firmer against the yen however at Y236 from Y235. Elsewhere it slipped to SFr 2.4475 from SFr 2.4500 and FFr 9.8375 compared with FFr 9.8625.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. May average 1.7887. Exchange rate index 146.7 against 146.7 six months ago.

Trading was confined to a relatively narrow range in Frankfurt. The dollar was fixed at DM 1.8283 compared with DM 1.8219 and there was no intervention by the Bundesbank.

Confidence was restored to some extent after Wednesday's Bank of Japan comments weakened the US unit, by a statement from Mr Satoshi Sumita, Governor of the Bank, claiming that the dollar now faced a period of stability. This tended to revive thoughts about currencies remaining in target ranges in line with the Louvre accord.

However speculators remained very sensitive to any official comment and seemed desperate to breath life into a market showing initial signs of stability, a condition which makes speculation that much harder.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 218.6 against 210.1 six months ago.

The dollar recovered from its sharp New York losses but was still down from Wednesday's Tokyo close of Y145.95, finishing at Y145.40 up from Y144.75 in New York.

Investors were persistent buyers at the lower levels as more traders took note of signs that the authorities may be trying to confine dollar movements to a fairly narrow band.

£ IN NEW YORK

June 25	Latest	Previous Close
£ Spot	1.6115-1.6125	1.6260-1.6270
1 month	0.25-0.24 pm	0.26-0.24 pm
3 months	0.75-0.72 pm	0.75-0.71 pm
12 months	2.22-2.12 pm	2.25-2.20 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	June 25	Previous
8.30 am	72.3	72.0
9.00 am	72.3	72.0
10.00 am	72.2	72.0
11.00 am	72.2	72.0
Noon	72.2	72.3
1.00 pm	72.2	72.4
2.00 pm	72.2	72.4
3.00 pm	72.2	72.4
4.00 pm	72.2	72.3

CURRENCY RATES

June 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.793100	0.703472
U.S. Dollar	5.5	1.28038	1.13435
Canadian $	7.90	*	1.50891
Austrian Sch.	4	N/A	14.5764
Belgian Franc	7½	N/A	43.0003
Danish Krone	7	8.81029	7.80092
Deutsche Mark	3.0	2.34092	2.07382
Neth. Guilder	4½	2.63374	2.33449
French Franc	9½	7.81160	6.92067
Italian Lira	11.5	N/A	1500.74
Japanese Yen	2½	185.991	165.615
Norway Krone	8	8.58111	7.59730
Spanish Peseta	—	161.648	143.195
Swedish Krona	7½	N/A	7.23545
Swiss Franc	3.5	1.94298	1.72092
Greek Drach.	20½	175.502	155.587
Irish Punt	—	N/A	0.774036

*C$/SDR rate for June 24: 1.71294

CURRENCY MOVEMENTS

June 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.2	−21.5
U.S. Dollar	102.2	−5.5
Canadian Dollar	78.0	−10.6
Austrian Schilling	137.6	+10.2
Belgian Franc	99.9	−4.5
Danish Krone	93.0	+3.4
Deutsche Mark	146.7	+21.5
Swiss Franc	172.3	+22.4
Guilder	135.0	+14.4
French Franc	71.5	−13.0
Lira	47.2	−18.2
Yen	218.6	+67.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

June 25	£	$
Argentina	2.8160-2.8295	1.7470-1.7540
Australia	2.2395-2.2425	1.3880-1.3890
Brazil	68.766-69.152	42.659-42.872
Finland	7.1580-7.1705	4.4450-4.4470
Greece	219.40-223.25	135.60-137.90
Hong Kong	12.587-12.599	7.8065-7.8075
Iran	117.00*	71.25*
Korea (Sth)	1311.8-1323.7	806.90-813.50
Kuwait	.45460-.45510	.28220-.28230
Luxembourg	61.05-61.15	37.85-37.95
Malaysia	4.0580-4.0690	2.5220-2.5235
Mexico	2147.9-2164.1	1328.0-1341.0
N. Zealand	2.7445-2.7495	1.7020-1.7040
Saudi Ar.	6.0410-6.0465	3.7500-3.7510
Singapore	3.4170-3.4240	2.1200-2.1210
S. Af. (Cm)	3.2740-3.2960	2.0385-2.0430
S. Af. (Fn)	5.3705-5.5555	3.3335-3.4485
Taiwan	50.35-50.60	31.05-31.15
U.A.E.	5.9165-5.9215	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0003	+1.28	+0.78	±1.5344
Danish Krone	7.85212	7.80092	−0.65	−1.15	±1.6404
German D-Mark	2.05853	2.07382	+0.74	+0.24	±1.0981
French Franc	6.90403	6.92067	+0.24	−0.26	±1.3674
Dutch Guilder	2.31943	2.33449	+0.65	+0.15	±1.5012
Irish Punt	0.768411	0.774036	+0.73	+0.23	±1.6684
Italian Lira	1483.58	1500.74	+1.16	+1.16	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6090-1.6200	1.6120-1.6130	0.27-0.24c pm	1.90	0.77-0.72 pm	1.85
Canada	2.1406-2.1558	2.1430-2.1440	0.17-0.07c pm	0.67	0.40-0.25 pm	0.61
Netherlands	3.31¼-3.32½	3.31½-3.32½	1⅛-⅞c pm	3.61	3⅛-2⅞pm	3.69
Belgium	61.01-61.24	61.05-61.15	17-10c pm	2.65	42-32 pm	2.42
Denmark	11.07-11.11	11.08½-11.09½	¼-⅜ ore dis	−0.88	⅞-1½ dis	−0.43
Ireland	1.0975-1.1050	1.0995-1.1005	0.06-0.14 p dis	−1.09	0.21-0.43 dis	−1.16
W. Germany	2.94¼-2.95¼	2.94¼-2.95¼	1⅜-1¼pf pm	5.09	4-3⅞ pm	5.17
Portugal	228.60-232.25	228.75-229.75	111-161c dis	−7.12	346-429 dis	−6.76
Spain	203.45-204.10	203.45-203.75	91-173c dis	−7.78	229-393 dis	−6.11
Italy	2129¾-2136¼	2131½-2132½	Par-3 lire dis	−0.84	2-9 dis	−1.03
Norway	10.79½-10.81¼	10.79½-10.80½	4⅞-5⅞ ore dis	−5.28	13⅞-14⅞ dis	−5.28
France	9.82-9.85½	9.83¼-9.84¼	⅞-⅜ c pm	0.76	1⅛-⅞ pm	0.51
Sweden	10.26¾-10.29½	10.28¼-10.29¼	⅜ Par ore pm	0.51	⅜ pm-⅛ dis	—
Japan	235¼-236½	235½-236½	1⅛-⅞ y pm	5.08	3⅛-2⅞ pm	5.08
Austria	20.65-20.80	20.68-20.71	8½-7⅛ gro pm	4.68	25⅞-23⅛ pm	4.66
Switzerland	2.44¼-2.45¼	2.44¼-2.45¼	1-⅞c pm	4.29	3⅛-2⅞ pm	4.90

Belgian rate is for convertible francs. Financial franc 61.15-61.25. Six-month forward dollar 1.31-1.26 c pm. 12-month 2.34-2.24c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

June 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6090-1.6200	1.6120-1.6130	0.27-0.24c pm	1.90	0.77-0.72 pm	1.85
Ireland†	1.4600-1.4695	1.4650-1.4660	0.38-0.33c pm	2.90	1.20-1.08 pm	3.11
Canada	1.3290-1.3321	1.3295-1.3305	0.12-0.15c dis	−1.22	0.39-0.44dis	−1.25
Netherlands	2.0500-2.0615	2.0585-2.0595	0.35-0.30c pm	1.84	0.99-0.94 pm	1.88
Belgium	37.77-37.96	37.85-37.95	4-1c pm	0.79	8-3 pm	0.58
Denmark	6.85-6.88¾	6.87½-6.88	0.90-1.60ore dis	−2.18	2.90-3.60 dis	−1.89
W. Germany	1.8208-1.8315	1.8275-1.8285	0.52-0.49pf pm	3.31	1.54-1.49pm	3.31
Portugal	142½-143	142½-143	90-120c dis	−8.82	280-330 dis	−8.54
Spain	125.85-126.70	125.35-126.45	90-140c dis	10.95	225-325 dis	−8.71
Italy	1317-1325	1321¼-1322¼	2.80-3.20lire dis	−2.45	8.00-11.00 dis	−2.87
Norway	6.67½-6.70½	6.69½-6.70	3.70-4.20ore dis	−7.10	11.85-12.35dis	−7.25
France	6.07-6.11½	6.09¾-6.10¼	0.48-0.63c dis	−0.09	1.90-2.20 dis	−1.34
Sweden	6.35¾-6.38¾	6.37¾-6.38¼	0.65-0.80ore dis	3.86	2.55-2.95 dis	−1.72
Japan	145.20-146.45	146.25-146.35	0.41-0.38y pm	3.25	1.20-1.15 pm	3.22
Austria	12.80-12.86¼	12.84¾-12.84¾	3.50-3.10gro pm	3.08	9.75-8.75 pm	2.88
Switzerland	1.5120-1.5205	1.5180-1.5190	0.36-0.31c pm	2.65	1.21-1.16 pm	3.12

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.90-38.00

EURO-CURRENCY INTEREST RATES

June 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8⅞-9⅛	9-9⅛	9-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9¼
U.S. Dollar	6½-6½	7⅛-7¼	7-7⅛	7⅛-7⅜	7¼-7⅜	7⅜-7⅝
Can. Dollar	7⅞-8⅛	8-8¼	8⅛-8⅜	8⅜-8⅝	8⅝-8⅞	8⅞-9⅛
D. Guilder	5⅛-5¼	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅜-5⅜	5⅜-5⅝
Sw. Franc	½-1⅛	1½-1⅞	4⅛-4⅜	3⅞-4⅛	3⅞-3⅞	3⅞-4
Deutschmark	3⅛-3¼	3⅞-3⅞	3⅞-3⅞	3⅞-3⅞	3⅞-3⅞	3⅞-4
Fr. Franc	8⅛-8¼	8⅛-8¼	8⅜-8⅝	8⅞-8⅞	8⅞-8⅞	9⅛-9⅜
Italian Lira	9-11	9-9½	9½-10	9⅞-10⅛	10-10⅜	10⅛-10⅝
B. Fr. (Fin.)	6⅛-6⅞	6½-6⅞	6⅜-6⅞	6⅜-6⅞	6⅞-7	7-7⅜
B. Fr. (Con.)	5⅞-6⅛	6⅛-6⅜	6½-6⅞	6½-6⅞	6⅞-7	6⅞-7⅛
Yen	3½-3⅝	4⅛-4⅜	3⅞-4	3⅞-4	4-4⅛	4-4⅛
D. Krone	8⅞-9⅛	8⅞-9⅛	9⅜-9⅝	9⅜-9⅝	9⅜-9⅝	9⅞-10⅛
Asian $Sing	1⅛-1¼	N/A	4-4⅛	4⅛-4⅜	4⅛-4⅜	4⅜-4⅞

Long-term Eurodollars: Two years 8-8⅛ per cent; three years 8⅛-8⅝ per cent; four years 8½-8⅝ per cent; five years 8⅝-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

June 25	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.613	2.948	236.0	9.838	2.448	3.320	2132.	2.144	61.10
$	0.620	1.	1.828	146.3	6.100	1.519	2.059	1322.	1.329	37.90
DM	0.339	0.547	1.	80.07	3.338	0.830	1.126	723.3	0.727	20.73
YEN	4.237	6.833	12.49	1000.	41.68	10.37	14.07	9034.	9.083	258.9
F Fr.	1.017	1.639	2.996	239.9	10.	2.488	3.375	2167.	2.179	62.11
S Fr.	0.409	0.659	1.204	96.42	4.019	1.	1.356	871.1	0.876	24.96
H Fl.	0.301	0.486	0.888	71.08	2.963	0.737	1.	642.2	0.646	18.40
Lira	0.469	0.756	1.383	110.7	4.614	1.148	1.557	1000.	1.005	28.66
C $	0.467	0.752	1.375	110.1	4.589	1.142	1.549	994.6	1.	28.50
B Fr.	1.637	2.639	4.824	386.3	16.10	4.006	5.434	3489.	3.508	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Quieter gilt trading

LONG TERM gilt futures finished slightly weaker on the London International Financial Futures Exchange yesterday.

Trading was quiet, but nervous, on suggestions the Government broker will soon tap the market, following the exhaustion on Wednesday of 8 per cent Treasury 2002/06 stock. Local traders initially sold the futures contract and then covered short positions in the afternoon.

Volume was modest at 24,570 lots, with price changes tending to mirror movements in the value sterling.

September delivery gilts opened lower at 124-02 and quickly fell to 123-24. The contract touched a low of 123-17 and a peak of 124-08, before closing at 124-00, compared with 124-09 on Wednesday.

September three-month sterling deposits also eased slightly, after opening virtually unchanged at 90.97. This was the day's high, with the contract falling to a low of 90.89, and closing at 90.94, against 90.96 previously.

Very quiet trading on the cash market, where there is little hope of an early change in UK bank base rates, kept short term sterling deposit futures in a narrow range.

Dollar denominated contracts were firm, as the US currency improved on the foreign exchanges, and there was a general mood of optimism about the outcome of last night's $7bn US Treasury seven-year note auction.

It was hoped the final leg of the week's refunding package would go well, and attract a reasonable level of Japanese interest. US Treasury bonds for September began trading at 92¼, the day's low, and after rising to a peak of 92-27, finished at 92-22, compared with 92-18 at the previous close.

The contract eased from the day's peak, as the dollar failed to sustain a level above DM 1.88, or move above Y143.50.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
118	6.16	7.02	0.16	1.10
120	4.36	5.39	0.36	1.47
122	3.08	4.23	1.08	2.31
124	2.03	3.19	2.03	3.27
126	1.12	2.28	3.12	4.36
128	0.43	1.46	4.43	5.54
130	0.22	1.12	6.22	7.20
132	0.11	0.51	8.11	8.59

Estimated volume total, Calls 1,465 Puts 922
Previous day's open int: Calls 25,608 Puts 15,804

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
84	8.53	8.15	0.09	0.31
86	7.01	6.39	0.21	0.55
88	5.23	5.09	0.43	1.25
90	3.47	3.56	1.03	2.08
92	2.23	2.53	1.43	3.05
94	1.20	1.63	2.40	4.15
96	0.41	1.23	3.61	5.39
98	0.19	0.57	5.39	7.09

Estimated volume total, Calls 145 Puts 51
Previous day's open int: Calls 1,658 Puts 622

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last July	Puts—Last June	Puts—Last July
22250	12.96	14.24	0.96	2.24
22500	10.93	12.41	1.43	2.91
22750	9.06	10.72	2.06	3.72
23000	7.35	9.16	2.88	4.66
23250	5.89	7.76	3.89	5.76
23500	4.60	6.50	5.10	7.00
23750	3.52	5.39	6.52	8.39
24000	2.63	4.42	8.13	9.92

Estimated volume total, Calls 1 Puts 10
Previous day's open int: Calls 144 Puts 54

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.45	—	—	16.25	16.25	—	—	0.06	0.43
1.50	11.25	11.25	11.25	11.25	0.00	0.10	0.31	1.13
1.55	6.25	6.44	6.72	7.52	0.13	0.61	1.11	2.45
1.60	2.08	3.00	3.51	4.65	0.96	2.17	2.90	4.58
1.65	0.24	0.99	1.39	2.56	4.12	5.16	5.78	7.49
1.70	0.01	0.23	0.46	1.30	8.89	9.40	9.85	11.23
1.75	0.01	0.04	0.12	0.60	13.88	14.21	14.51	15.53

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 671 Puts 1,795

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.45	—	—	12.70	12.90	—	—	1.50	2.70
1.50	11.70	11.70	11.70	11.90	0.20	0.25	0.60	1.40
1.55	6.70	6.70	7.00	7.90	0.25	0.75	1.20	2.70
1.60	2.40	3.35	3.65	4.90	1.05	2.20	2.95	4.70
1.65	0.50	1.30	1.75	2.90	4.20	5.15	5.85	7.50
1.70	0.20	0.55	0.80	1.70	8.85	9.25	9.70	11.00
1.75	0.20	0.35	0.50	1.20	14.30	14.80	15.30	16.50

Previous day's open int: Calls 1,930 Puts 291
Volume: 69

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last July	Aug.	Sept.	Dec.	Puts—Last July	Aug.	Sept.	Dec.
1.600	1.90	2.65	3.25	4.35	0.75	1.95	2.65	4.00
1.625	0650	1.80	2.05	—	2.10	3.10	3.95	—
1.650	0.25	0.95	1.40	2.50	3.95	4.85	5.45	7.15
1.675	0.05	0.50	—	1.85	6.15	6.85	—	8.75
1.700	0.05	0.25	0.55	1.36	8.45	8.95	9.45	—
1.725	—	0.10	0.30	0.95	10.95	11.25	11.65	12.65
1.750	—	0.05	0.15	0.70	13.45	13.65	13.85	14.75

Previous day's open int: Calls 120376 Puts 71123
Previous day's volume: Calls 3855 Puts 3014

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Sept.	Dec.	Mar.	June	Puts—Last Sept.	Dec.	Mar.	June
91.25	1.37	1.22	1.17	—	0.01	0.12	0.27	—
91.50	1.13	1.02	0.99	—	0.02	0.17	0.34	—
91.75	0.90	0.83	0.82	—	0.04	0.23	0.42	—
92.00	0.66	0.66	0.67	—	0.07	0.31	0.52	—
92.25	0.49	0.50	0.53	—	0.13	0.40	0.63	—
92.50	0.31	0.37	0.42	—	0.20	0.52	0.77	—
92.75	0.18	0.26	0.31	—	0.32	0.66	0.91	—

Previous day's open int: Calls 1,592 Puts 1,897
Estimated volume, Calls 5 Puts 9

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	123-24	123-24	123-22	124-11
Sept.	124-05	124-08	123-17	124-09
Dec.	—	—	—	124-05

Estimated volume 24,570 (44,966)
Previous day's open int. 32,589 (36,439)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	90.94	90.97	90.89	90.96
Dec.	90.91	90.93	90.87	90.92
Mar.	90.88	90.89	90.85	90.89
June	90.76	90.75	90.73	90.77
Sept.	90.66	90.63	90.63	90.67

Estimated Volume 3,176 (8,653)
Previous day's open int. 1,531 (15,769)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	229.75	230.10	228.10	229.50
Sept.	234.70	235.30	233.80	234.60
Dec.	—	—	—	239.10

Estimated volume 2,151 (1,460)
Previous day's open int. 8,013 (8,227)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	92.61	92.64	92.57	92.58
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sept.	92.20	92.25	92.07	92.05
Dec.	91.23	91.28	91.09	91.08
Mar.	90.28	90.31	90.28	90.13
June	—	90.06	90.06	89.20
Sept.	89.14	89.14	88.27	88.29
Dec.	—	88.27	88.09	88.09
Mar.	—	88.09	—	87.23
June	—	—	—	88.07
Sept.	—	—	—	86.25
Dec.	—	—	—	86.13
Mar.	—	—	—	86.03

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	93.87	93.90	93.85	93.80
Dec.	93.67	93.72	93.67	93.59
Mar.	93.50	93.53	93.49	93.40
June	93.33	93.33	—	93.22
Sep.	93.14	93.14	—	93.06
Dec.	—	—	—	92.87
Mar.	—	—	—	92.72

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6630	0.6636	0.6615	0.6673
Dec.	0.6698	0.6697	0.6677	0.6734
Mar.	0.6755	—	0.6740	0.6795
June	0.6810	—	0.6810	0.6845

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sept.	0.6890	0.6904	0.6874	0.6959
Dec.	0.6940	0.6952	0.6929	0.7016
Mar.	—	—	—	0.7077
Jun.	—	—	—	0.7145

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sept.	0.5513	0.5514	0.5499	0.5543
Dec.	0.5562	0.5563	0.5550	0.5592
Mar.	0.5605	0.5612	0.5603	0.5643

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sept.	92.60	92.64	92.60	92.52
Dec.	92.34	92.39	92.34	92.26
Mar.	92.14	92.19	92.13	92.06
June	91.93	92.00	91.93	91.88
Sept.	91.74	91.83	91.74	91.71
Dec.	91.56	91.65	91.56	91.54
Mar.	91.43	91.49	91.43	91.39
June	91.26	91.34	91.26	91.25

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	311.00	311.60	310.20	309.30
Dec.	—	313.80	312.60	311.55
Mar.	315.50	315.70	—	313.65
June	317.60	17.70	—	—

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6125	1.6100	1.6051	1.5997	1.5896

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept.	1.6070	1.6080	1.6030	1.6175
Dec.	1.6000	1.6000	1.5950	1.6110
Mar.	1.5940	—	—	1.6080

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6061	1.6112	1.6067	1.6119
Dec.	1.6007	—	—	1.6065
Mar.	1.5958	—	—	1.6020

Estimated volume 80 (66)
Previous day's open int 204 (708)

MONEY MARKETS

Little prospect of early rate change

ANOTHER VERY quiet day on the London money market left dealers expecting no change in bank base rates in the near future. The period following the general election has not encouraged any hopes of a cut in rates, with the money market trading in a tight and narrow range.

Interest rates from overnight to six months held a flat yield position at around 9⅛-9 per cent, with only a slight upturn in longer term rates of up to one year. Three-month interbank was quoted unchanged at 9⅛-9 per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England initially forecast a money market shortage of £100m, but revised this to £250m at noon, and to £200m in the afternoon. Total help on the day was £204m.

Before lunch the authorities bought £162m bills outright, by way of £145m bank bills in band 1 at 8⅞ per cent and £17m bank bills in band 2 at 8⅞ per cent.

In the afternoon another £42m bank bills were purchased outright in band 1 at 8⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £145m, with a rise in the note circulation absorbing £45m and bank balances below target another £85m. These outweighed Exchequer transactions adding £190m to liquidity.

In New York the Federal Reserve added temporary reserves to the banking system, via four-day system repurchase agreements, when Federal funds were trading at 6¹³⁄₁₆ per cent. This money replaced expiring two-day and six-day system repurchase agreements, which threatened to leave a large shortage of credit in the system. The present tight conditions are expected to unwind by the middle of next week.

In Rome the Bank of Italy added liquidity to the banking system, through a L2,000bn repurchase agreement on Treasury bills and certificates. The offer of the authorities was fully subscribed at an average weighted acceptance rate of 11.84 per cent, unchanged from the previous offer on June 8. The minimum accepted rate was 11.80 per cent, compared with 11.55 per cent previously.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 25) 3 months U.S. dollars		6 months U.S. dollars	
bid 7 ¹⁄₁₆	offer 7 ³⁄₁₆	bid 7 ⅛	offer 7 ¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8¼	One month	5.40	Three year	7.70
Broker loan rate	8	Two month	5.57	Four year	7.85
Fed. funds	6⅞	Three month	5.98	Five year	7.92
Fed funds at intervention	6¾	Six month	6.35	Seven year	8.12
		One year	6.73	10 year	8.25
		Two year	7.49	30 year	8.41

June 25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.60	3.60-3.70	3.60-3.70	3.60-3.75	3.65-3.80	5.0
Paris	8⅛-8¼	8⅛-8¼	8⅛-8⅜	8⅛-8¼	8½-8⅝	7⅞
Zurich	⅞-1⅛	4-4⅛	—	3⅞-4	—	—
Amsterdam	5⅛-5¼	5⅛-5⅜	—	5⅛-5⅜	—	—
Tokyo	3.28125	3.59375	—	3.65625	—	—
Milan	10⅞-11⅛	10⅞-11⅛	—	10⅞-11⅛	—	—
Brussels	6.45	6⅛-6⅜	—	6⅛-6⅜	—	—
Dublin	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	—

LONDON MONEY RATES

June 25	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9½-6	9⅛-8⅞	9¹⁄₁₆-8¹⁵⁄₁₆	9⅛-9	9⅛-9	9⅛-9
Sterling CDs	—	—	9¹⁄₁₆-8¹⁵⁄₁₆	9¹⁄₁₆-8¹⁵⁄₁₆	9¹⁄₁₆-8¹⁵⁄₁₆	9⅛-9
Local Authority Deposits	9	9	9	9	9	9⅛
Local Authority Bonds	—	—	9¹⁄₁₆	9¹⁄₁₆	9¹⁄₁₆	9⅛
Discount M'ket Deposits	9⅛-7	9	8⅞	8⅞	—	—
Company Deposits	9-8⅞	9⅛	9⅛	9¹⁄₁₆	9⅛	9³⁄₁₆
Finance House Deposits	—	—	9¹⁄₁₆	9¹⁄₁₆	9⅛	9⅛
Treasury Bills (Buy)	—	—	8²⁵⁄₃₂	8²⁵⁄₃₂	—	—
Bank Bills (Buy)	—	—	8⅞	8¹³⁄₁₆	8²⁵⁄₃₂	—
Fine Trade Bills (Buy)	—	—	9⅛	9⅛	9³⁄₁₆	—
Dollar CDs	—	—	7.15-7.10	7.10-7.05	7.25-7.20	7.60-7.55
SDR Linked Deposits	—	—	6⅛-5⅞	6⅛-6	6¼-6⅛	6⅝-6½
ECU Linked Deposits	—	—	6¹¹⁄₁₆-6⁹⁄₁₆	6¹¹⁄₁₆-6⁹⁄₁₆	6¹³⁄₁₆-6¹¹⁄₁₆	7⅛-7

Treasury Bills (sell); one-month 8²⁵⁄₃₂ per cent; three-months 8¾ per cent; Bank Bills (sell): one-month 8²⁷⁄₃₂ per cent; three months 8²⁵⁄₃₂ per cent; Treasury Bills; Average tender rate of discount 8.6252 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8½ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9⅛ per cent; Under £100,000 8 per cent from June 24. Deposits withdrawn for cash 5 per cent.

$ WORLD VALUE OF THE DOLLAR
BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 24, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

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ECU=$US1.1369 SDR1=$US1.28357
As of June 24, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	7 ³⁄₁₆	7⅜
Sibor:	7 ³⁄₁₆	7 ⁵⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Gibraltar	Pound*	1.6155	Papua New Guinea	Kina	0.9005
Albania	Lek	6.2519	Greece	Drachma	136.70	Paraguay	Guarani (o)	240.00
Algeria	Dinar	4.67	Greenland	Danish Krone	6.8555		Guarani (p)	550.00
Andorra	French Franc	6.089	Grenada	E. Caribbean $	2.70		Guarani (d)	794.50
	Spanish Peseta	126.18	Guadeloupe	Franc	6.089	Peru	Inti (o) (u)	15.89
Angola	Kwanza	29.918	Guam	U.S. $	1.00		Inti (f)	30.50
Antigua	E. Caribbean $	2.70	Guatemala	Quetzal (o)	1.00		Inti (f)	19.88
Argentina	Austral	1.7345		Quetzal (h, i)	2.75	Philippines	Peso	20.45
Aruba	Florin	1.79	Guinea Bissau	Peso (1)	650.00	Pitcairn Islands	N.Z. Dollar	1.6984
Australia	Dollar	[illegible]	Guinea Republic	Franc	340.00	Poland	Zloty (o)	254.47
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Azores	[illegible]	[illegible]						
Bahamas	[illegible]	[illegible]						
Bahrain	[illegible]	[illegible]						
Balearic Islands	[illegible]	[illegible]						
Bangladesh	[illegible]	[illegible]						
Barbados	[illegible]	[illegible]						
Belgium	[illegible]	[illegible]						
Belize	[illegible]	[illegible]						
Benin	[illegible]	[illegible]						
Bermuda	[illegible]	[illegible]						
Bhutan	[illegible]	[illegible]						
Bolivia	[illegible]	[illegible]						
Botswana	[illegible]	[illegible]						
Brazil	[illegible]	[illegible]						
Brunei	[illegible]	[illegible]						
Bulgaria	[illegible]	[illegible]						
Burkina Faso	[illegible]	[illegible]						
Burma	[illegible]	[illegible]						
Burundi	[illegible]	[illegible]						
Cameroon Rp.	[illegible]	[illegible]						
Canada	[illegible]	[illegible]						
Canary Islands	[illegible]	[illegible]						
Cape Verde Islands	[illegible]	[illegible]						
Cayman Islands	[illegible]	[illegible]						
Central Africa Rep.	[illegible]	[illegible]						
Chad	[illegible]	[illegible]						
Chile	[illegible]	[illegible]						
China	[illegible]	[illegible]						
Colombia	[illegible]	[illegible]						
Comoros	[illegible]	[illegible]						
Congo People's Rep. of	[illegible]	[illegible]						
Costa Rica	[illegible]	[illegible]						
Cote d'Ivoire	[illegible]	[illegible]						
Cuba	[illegible]	[illegible]						
Cyprus	[illegible]	[illegible]						
Czechoslovakia	[illegible]	[illegible]						
Denmark	[illegible]	[illegible]						
Djibouti Rep. of	[illegible]	[illegible]						
Dominica	[illegible]	[illegible]						
Dominican Republic	[illegible]	[illegible]						
Ecuador	[illegible]	[illegible]						
Egypt	[illegible]	[illegible]						
El Salvador	[illegible]	[illegible]						
Equatorial Guinea	[illegible]	[illegible]						
Ethiopia	[illegible]	[illegible]						
Faroe Islands	[illegible]	[illegible]						
Falkland Islands	[illegible]	[illegible]						
Fiji	[illegible]	[illegible]						
Finland	[illegible]	[illegible]						
France	[illegible]	[illegible]						
French C'ty in Africa	[illegible]	[illegible]						
French Guiana	[illegible]	[illegible]						
French Pacific Islands	[illegible]	[illegible]						
Gabon	[illegible]	[illegible]						
Gambia	[illegible]	[illegible]						
Germany (East)	[illegible]	[illegible]						
Germany (West)	[illegible]	[illegible]						
Ghana	[illegible]	[illegible]						

n.a. Not available. [illegible]
For further information please contact your local branch of the Bank of America.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	WEDNESDAY JUNE 24 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	TUESDAY JUNE 23 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987 High	1987 Low	Year ago (approx)
Australia (94)	131.66	+0.1	120.38	121.85	3.21	131.47	121.86	122.11	140.95	99.92	84.17
Austria (16)	86.49	+0.9	79.08	81.88	2.27	85.71	79.44	81.77	101.62	85.71	85.44
Belgium (47)	119.04	+1.0	108.84	111.41	4.26	117.88	109.26	110.75	123.62	96.19	80.04
Canada (127)	126.59	+0.1	115.74	122.23	2.37	126.51	117.27	122.21	136.17	100.00	99.00
Denmark (39)	119.80	+0.0	109.53	111.81	2.46	119.74	110.99	112.25	124.10	98.18	94.76
France (122)	106.00	−0.8	96.92	101.14	2.73	106.89	99.07	102.57	121.82	98.39	82.31
West Germany (90)	95.73	−2.3	87.53	90.71	2.05	97.98	90.82	93.37	100.33	84.00	82.60
Hong Kong (45)	121.30	+1.8	110.90	121.58	2.83	119.12	110.42	119.41	121.30	96.89	71.33
Ireland (14)	129.82	+0.0	118.70	124.40	3.57	129.78	120.29	125.16	131.86	99.50	86.53
Italy (76)	99.94	−0.5	91.38	98.41	1.83	100.45	93.11	99.33	112.11	94.76	80.34
Japan (458)	147.55	+0.7	134.91	135.24	0.50	146.60	135.88	135.29	161.28	100.00	80.50
Malaysia (36)	170.29	+0.0	155.70	165.24	2.28	170.29	157.84	165.88	172.55	98.24	89.13
Mexico (14)	254.97	−0.4	233.13	371.19	0.59	255.99	237.28	372.11	268.91	99.72	50.13
Netherland (38)	120.88	+0.3	110.52	113.16	3.88	120.55	111.74	113.57	120.88	99.65	90.03
New Zealand (27)	98.11	+0.8	89.71	88.75	3.07	97.36	90.25	88.28	100.59	83.93	70.92
Norway (24)	138.28	−0.9	126.43	125.47	1.99	139.58	129.37	127.55	140.05	100.00	101.45
Singapore (27)	144.97	+0.9	132.55	141.39	1.74	143.62	133.12	140.41	144.97	99.29	79.20
South Africa (61)	156.93	+3.1	143.48	116.31	3.52	152.15	141.03	113.73	186.74	100.00	75.64
Spain (43)	121.09	+0.9	110.72	115.54	3.38	120.04	111.27	115.40	121.31	100.00	83.16
Sweden (33)	114.17	+0.6	104.39	107.54	2.14	113.53	105.23	107.52	124.68	90.85	87.68
Switzerland (51)	97.80	−1.3	89.42	91.61	1.86	99.06	91.82	93.23	104.06	92.01	83.35
United Kingdom (335)	148.44	+2.3	135.72	135.72	3.11	145.15	134.54	134.54	151.46	99.65	99.96
USA (593)	125.55	−0.5	114.79	125.55	2.89	126.22	116.99	126.22	126.68	100.00	104.05
Europe (928)	121.17	+0.6	110.79	113.24	2.80	120.46	111.66	113.64	121.71	99.78	89.63
Pacific Basin (687)	145.93	+0.7	133.43	134.13	0.66	144.97	134.38	134.13	158.64	100.00	80.34
Euro—Pacific (1615)	136.08	+0.6	124.42	125.79	1.43	135.22	125.34	125.95	143.34	100.00	84.01
North America (720)	125.60	−0.5	114.84	125.38	2.86	126.23	117.00	126.02	126.70	100.00	103.78
World Ex. US (1817)	136.04	+0.6	124.38	130.50	1.48	135.17	125.29	130.62	143.09	100.00	84.42
World Ex. UK (2075)	130.29	+0.0	119.13	124.79	1.88	130.32	120.79	125.26	133.55	100.00	91.38
World Ex. So. Af. (2349)	131.75	+0.2	120.46	125.85	1.99	131.51	121.90	126.19	134.83	100.00	92.21
World Ex. Japan (1952)	124.49	+0.0	113.82	121.11	2.85	124.54	115.44	121.57	124.54	100.00	97.66
The World Index (2410)	131.91	+0.2	120.61	125.80	2.00	131.64	122.02	126.12	134.97	100.00	92.11

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$440	130	16.50	—	—	—	—	$441.20
GOLD C	$460	51	7.50B	21	19	20	30	"
GOLD C	$480	34	4.50B	56	13.50	—	—	"
GOLD C	$520	30	1	—	—	5	12.80	"
GOLD P	$370	—	—	20	1.20	—	—	"
GOLD P	$420	20	4.10B	—	—	5	11	"
GOLD P	$440	106	13	165	16.50	—	—	"
GOLD P	$460	565	23	497	28	15	28.50	"
GOLD P	$480	119	42.50	—	—	—	—	"
		Jul 87		Aug 87		Sep 87		
$/Fl C	Fl.200	42	6	—	—	11	7.50	Fl.205.77
$/Fl C	Fl.205	163	2.60	35	4.20	28	4.80	"
$/Fl. C	Fl.210	10	0.60	10	1.50	11	2.70	"
$/FL P	Fl.205	41	1.70	56	3.50	—	—	"
$/FL P	Fl.210	20	5.10	4	—	—	—	"
		Dec 87		Mch 88		Jun 88		
$/Fl C	Fl.200	—	—		9.80A	—	—	Fl.205.77
[illegible]	Fl.205	20	6		7.40	—	—	"
[illegible]	Fl.210	7	4.20		5.50	—	—	"
[illegible]	Fl.215	—	—		3.50	15	4.30	"
[illegible]	Fl.220	35	1.30		—	—	—	"
[illegible]	Fl.195	2	2.70		—	2	6.30	"
[illegible]	Fl.215	10	13.50		—	10	17.20	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.480	145	6.80	49	16.50	—	—	Fl.476
ABN P	Fl.460	107	2.10	29	11.50	1	16	"
AEGON C	Fl.90	426	6.50	109	9	2	10	Fl.96.4
AEGON P	Fl.90	64	0.70	55	2.30	—	—	"
AHOLD C	Fl.100	86	4.60	92	6.50	10	7.50	Fl.103.20
AHOLD P	Fl.100	2	1.50A	15	3.70	—	—	"
AHOLD C	Fl.90.90	95	11.80	2	12.50	—	—	"
AHOLD P	Fl.100	27	1.50	—	—	—	—	"
AKZO C	Fl.150	1881	3.90	1507	9	104	12	Fl.150.70
AKZO P	Fl.150	370	3	653	6	127	7.50	"
AMEV C	Fl.65	140	2.30	46	4.20	16	5.10B	Fl.66
AMEV P	Fl.65	19	1.50	33	3.20	20	4	"
AMRO C	Fl.80	51	0.50	188	2.50	30	4.10B	Fl.76.20
AMRO P	Fl.75	10	1.30A	80	3	2	3.70	"
ELSEVIER C	Fl.54	766	2.20	602	4.90	—	—	Fl.54.50
ELSEVIER P	Fl.50	80	0.50	150	1.50	27	3	"
GIST-BROC. C	Fl.45	1446	3.40	906	4.60	122	6.30A	Fl.47.70
GIST-BROC. P	Fl.45	135	0.60	493	1.80	2	2.90	"
HEINEKEN C	Fl.180	116	4.30	50	8	9	11	Fl.181
HEINEKEN P	Fl.170	65	0.70	8	3.30	—	—	"
HOOGOVENS C	Fl.40	1143	4.60B	192	6.50	6	7.50	Fl.44.60
HOGOVENS P	Fl.40	160	0.40	64	1.40	27	2.20	"
KLM C	Fl.50	1195	3	743	4.10	66	5.70	Fl.52.50
KLM P	Fl.50	10	0.80A	409	2.20	27	3.10	"
NEDLLOYD C	Fl.140	117	3.80	157	8	2	11.70	Fl.150
NEDLLOYD P	Fl.140	82	0.90	47	3.50	11	6.50	"
NAT.NED. C	Fl.73	299	1.90	606	4	9	5.90	Fl.74.40
NAT.NED. P	Fl.73	169	2.20	127	4.40	8	5	"
PHILIPS C	Fl.50	1368	2.70A	316	4.50	56	5.60	Fl.52
PHILIPS P	Fl.50	794	0.50	317	1.70	98	2.80	"
ROYAL DUTCH C	Fl.260	603	6	118	10.50	—	—	Fl.263.20
ROYAL DUTCH P	Fl.250	257	0.60	18	3.60	12	5	"
ROBECO C	Fl.105	—	—	17	3.90	4	5.50	Fl.107.10
UNILEVER C	Fl.690	627	16.40	50	38.80	2	50	Fl.681

TOTAL VOLUME IN CONTRACTS: 54,955

A=Ask B=Bid C=Call P=Put

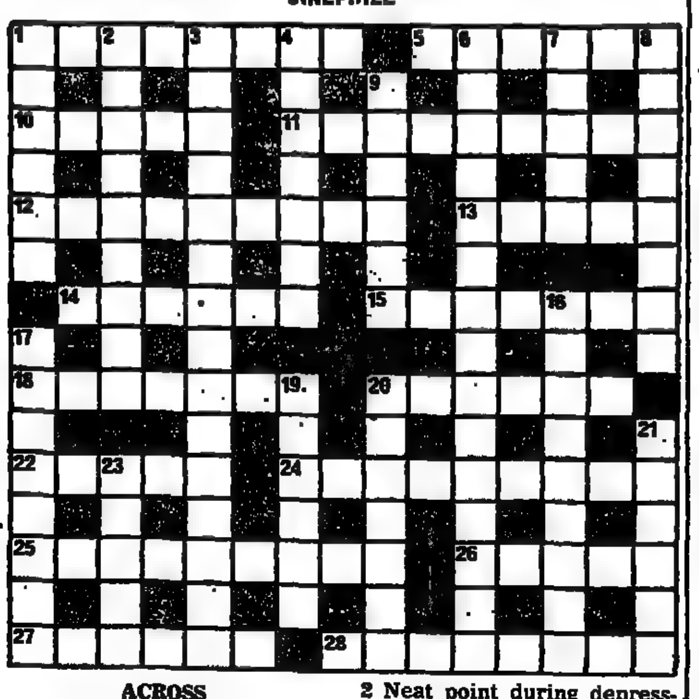
BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	$9\frac{1}{2}$
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l TstC'n plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	$9\frac{1}{2}$	Smith & Williams Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bank	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	$9\frac{1}{2}$
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savings 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over $4\frac{1}{2}$% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,362

CINEPHILE



ACROSS

1 Incomplete decree interrupts unqualified chiropodist's work (8)
5 Put a stop to drink (6)
10 Run, not off one's own bat, in next race (5)
11 Dismiss security man to stop sparks flying (9)
12 Monarch takes service in street, useful in case of burning (4, 5)
13 Shakespearian princess started again poetically? (5)
14 Kill taken from French at Arab port (6)
15 Month's piece dear in the theatre (7)
18 It's horrible to get the flu—a disaster (7)
20 It's capital to have six when two wives go the wrong way (6)
22 Bit of pigmeat in the sea (5)
24 Mimic of left and right could be a record (9)
25 Language gives a present to love (9)
26 Otologist, briefly, is far from cheerful (5)
27 Sodawater in the headlines? (6)
28 Gone for 'phone, for example: compiler's a frost, by the sound of it (3, 5)

DOWN

1 Wanted, piano for hire (6)
2 Neat point during depression causes harm (9)
3 Diplomat accused of sexual relationships? (6, 1, 8)
4 Don't take part in chorus (7)
6 To keep fag from face, let aged rhetoric loose (9, 6)
7 Sound pale in the Transport and General? (5)
8 Fellow in robbery is pleasure-seeker (8)
9 Small cave is nonsense in great circle (6)
16 Maybe Elvis P. with yen for thoughtful manner (9)
17 People who beat eggs get them on the face (8)
19 In forty days "morn" will be "mourn" (6)
20 Bad habit doesn't end with Conservative success (7)
21 Redeemer generally has issue (6)
23 Student of optics? (5)

Solution to Puzzle No. 6,362

P	A	T	E	N	T		C	O	M	P	R	E	S	S
R		U		U				H		R		L		E
U	R	B	A	N	E		A	M	N	E	S	I	A	C
S		E		C		G		S		S		C		O
S	O	L	D	I	E	R	Y		A	S	S	I	G	N
I		E		O		A		A		B		T		D
A	L	S	O		E	V	A	S	I	O	N			
N		S		C		I		U		X		F		B
			F	O	R	T	U	N	E		L	I	D	O
U		C		M		Y		D		U		L		R
P	R	O	M	P	T		K	E	Y	B	O	A	R	D
K		P		O		D		R		I		M		E
E	M	I	S	S	I	O	N		G	E	N	E	V	A
E		T		E		D				T		N		U
P	E	A	R	D	R	O	P		S	Y	N	T	A	X

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	108.5	114.8	-0.5	0.61
(Accum Units)	113.7	120.3	-0.5	0.61
British Blue Chip Fund	51.6	54.5	-0.5	2.29
(Accum Units)	51.6	54.5	-0.5	2.29
American Sm Cos Fd	51.8	54.8	+0.5	0.44
(Accum Units)	51.8	54.8	+0.5	0.44
American Income	51.7	54.7	-0.6	3.26
(Accum Units)	56.4	59.6	-0.6	3.26
European Growth	140.9	149.0	-0.4	0.71
(Accum Units)	145.8	154.2	-0.4	0.71
European Income	79.4	84.0xd	-0.4	3.60
(Accum Units)	83.3	88.1xd	-0.5	3.60
General	361.9	382.9	-0.8	1.93
(Accum Units)	601.8	635.9	-1.4	1.93
Gilt	89.6	90.0xd	+0.0	7.38
(Accum Units)	106.6	107.1xd	+0.0	7.38
Global Fund	49.8	52.6	+0.2	0.69
(Accum Units)	49.8	52.6	+0.2	0.69
High Interest Fund	47.7	50.4xd	-0.1	8.94
(Accum Units)	48.1	50.8xd	-0.1	8.94
High Income Fund	51.7	54.7	+0.2	4.80
(Accum Units)	52.1	55.1	+0.2	4.80
Income	118.3	125.1xd	+0.0	3.51
(Accum Units)	135.6	143.4xd	-0.1	3.51
International	298.0	315.3xd	-1.3	1.20
(Accum Units)	372.9	394.6xd	-1.6	1.20
Japan	219.9	232.6	+1.2	0.56
(Accum Units)	225.7	238.8	+1.3	0.56
Pacific Fd	52.2	55.2xd	-0.2	0.10
(Accum Units)	52.2	55.2xd	-0.2	0.10
Recovery	302.1	319.6	-1.2	2.08
(Accum Units)	328.4	347.5	-1.3	2.08
UK Smaller Co's Fd	51.6	54.6	+0.2	1.82
(Accum Units)	51.6	54.6	+0.2	1.82
Exempt May 27	349.1	357.0	-5.6	2.23
(Accum Units)	545.3	559.2	-8.8	2.23

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	60.6	64.4	+0.2	4.66
Accum Units	60.6	64.4	+0.2	4.66
UK Growth Fund Acc	62.5	66.4	+0.3	1.51
Global Income Fund	49.7	52.8	-0.1	3.79
Accum Units	49.7	52.8	-0.1	3.79
Global Growth Fund	46.5	49.5	.....	0.50

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	121.6	129.0	.....	—
(Accum Units)	166.9	177.1	.....	—
Commodity & Gen.	171.5	182.0	.....	—
(Accum Units)	244.9	259.8	.....	—
European Growth	127.3	134.9	.....	—
(Accum Units)	153.6	162.8	.....	—
Extra High Inc	73.8	78.3	.....	—
(Accum Units)	89.6	95.1	.....	—
Gilt & Fxd. Int.	55.3	57.7	.....	—
(Accum Units)	96.4	100.7	.....	—
High Yield	213.6	226.6	.....	—
(Accum Units)	377.8	400.9	.....	—
Income	245.4	260.3	.....	—
(Accum Units)	411.3	436.4	.....	—
Intl High St UT	56.0	59.5	.....	—
Do. Accum	56.0	59.5	.....	—
Japan and Pacific	351.0	372.3	.....	—
(Accum Units)	368.8	391.2	.....	—
Managed Portfolio Acc	67.9	71.8	.....	—
North American	127.5	135.2	.....	—
(Accum Units)	154.0	163.4	.....	—
Smaller Cos.	193.9	205.7	.....	—
(Accum Units)	208.5	221.2	.....	—

MIM Britannia Unit Tst Mgrs Ltd (a)(c)(g)
74-78 Finsbury Pavement, London EC2A 1JD
Dealing Callfree 0800 010733.

UK Specialist Trusts				
Growth Gilt	63.5	64.5	-0.1	0.36
Smaller Companies	234.3	249.4	+0.3	0.41
Special Features	142.1	151.6	+3.6	0.57
(Accum Units)	149.2	159.1	+2.7	0.57
General Funds				
Assets & Earnings	66.8	71.3	-0.4	1.23
Accum Units	66.8	71.3	-0.4	1.23
Managed Invest Fund	65.5	69.9	+0.0	1.04
UK Growth	53.5	57.1xd	-0.1	0.95
High Income Funds				
Extra Income	77.1	82.2	-0.1	4.91
Gilt	26.1	27.5xd	+0.0	8.74
Income & Growth	285.3	304.3xd	-1.1	2.92
National High Income	265.3	283.0	+0.0	3.32
Preference Shares	20.1	21.4xd	+0.0	8.34
Sector Specialist Funds				
Commodity Shares	193.3	206.2xd	+1.6	0.37
Financial Securities	61.3	65.4xd	+0.3	0.35
Gold	78.4	84.5xd	+0.5	0.00
Accum Units	82.5	87.5	+0.6	0.00
International Leisure	16.9	18.0	+0.0	0.00
Property Shares	108.9	116.2	+1.3	0.00
Universal Energy	58.1	62.0	-0.7	0.47
World Technology	[illegible]	91.5	-0.6	0.39
Exempt Funds				
Exempt	119.5	125.1xd	-1.0	2.75
Overseas Growth Funds				
American Growth	106.3	113.4	-0.4	1.42
US Smaller Companies	71.3	76.1xd	-0.1	0.00
(Accum Units)	72.1	76.9	+0.0	0.00
Australian Growth	94.3	100.6	+0.3	0.54
Europe Perf	89.7	94.8	+0.4	0.49
(Accum Units)	88.9	94.8	+0.3	0.49
European Smaller Cos	16.4	17.5	+0.0	0.09
Far East	73.8	78.7	-0.5	0.03
French Growth	43.5	46.4	-0.5	0.81
Accum Units	43.5	46.4	-0.5	0.81
Hong Kong	40.0	42.7	-0.5	3.65
International Growth	42.6	45.4xd	-0.1	0.95
International Recovery	125.8	133.9	-0.7	0.41
Japan Perf	89.0	94.9xd	+0.3	0.00
Accum Units	89.0	94.9	+0.3	0.00
Japan Smaller Cos	17.8	19.0	-0.1	0.00
Overseas Income Funds				
Intnl High Income	61.3	65.4xd	+0.0	3.52
US Income	58.6	62.5	-0.1	4.87
(Accum Units)	65.1	69.4	-0.1	4.86
MEL Trusts				
Unitgr Gilt & FI	70.7	72.8	-0.1	8.65

Minster Fund Managers Ltd
Minster House, Arthur St, EC4R 9BH 01-623 1050

Minster	159.7	164.7	.....	2.46
Exempt May 29	367.5	379.8	.....	3.29

FT UNIT TRUST INFORMATION SERVICE

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	208.7	219.7	...	—
Gilt & Fixed Int Fd	144.8	152.5	...	—
Cash Fund	128.1	134.8	...	—
Pensions Managed	95.2	100.0	...	—
Pensions Deposit	95.0	100.0	...	—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	£18.01	18.91	...	—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	356.8	375.6	-0.1	—
Gtd. Mgd.	316.6	333.4	+0.3	—
Property	329.7	347.2	...	—
American	275.6	290.2	-2.8	—
UK Equity Fund	435.3	458.3	+2.4	—
High Yield	516.8	544.1	+2.4	—
Gilt Edged	272.7	287.1	+1.5	—
Money	247.2	260.4	...	—
International	277.2	291.9	-2.1	—
Fiscal	311.8	328.3	+0.4	—
Growth Cap.	316.1	332.8	-0.2	—
Growth Acc.	467.7	479.3	-0.2	—
Pens. Equity Acc.	636.7	670.3	+6.7	—
Pens. Mngd.	568.7	598.7	+1.5	—
Pens. Gilt Edged	330.8	348.3	+2.7	—
Pens Dep.	290.6	336.5	+0.4	—
Pens. Pty.	380.0	400.1	+0.3	—
Sens. Bond Fund	147.5	153.4	-1.7	—
Woolwich Fund	142.5	150.1	+0.3	—
Tr Inv Bond	155.6	163.9	...	—
Henderson Active	158.1	166.5	+0.5	—
Perpetual Active	180.0	189.6	-0.8	—
Henderson Pens.	176.9	186.3	+0.5	—
Perpetual Pens	213.7	225.1	-2.7	—

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells 0892 41466
Assurances

Capital & Income	314.0	332.0	...	—
Prize Plus Exempt		131.8	...	—
Do. Taxable		118.5	...	—
Beehive Bond Exempt		52.4	...	—
Do. Standard		51.7	...	—
Domestic Growth Exempt		85.2	...	—

The Norminster Group
71, London Rd, Peterborough, PE2 9BB 0733 42200

Mngd. Scot Mut	134.3	141.4	...	—
Pen Scot. Mut.	124.6	131.2	...	—
Man Schroder	118.3	124.5	+0.1	—
Per Man Schroder	126.3	132.9	-0.1	—
Man. Target	138.0	145.3	...	—
Pen. Man. Target	68.3	71.9	...	—
Man Scot Equi	98.8	104.0	...	—

O'Halloran & Co/Countrywide
c/o 41, Broadway, Peterborough, PE1 1SJ 0733 44830

Managed Fd	137.8	145.1	...	—

PBR Fund Management Ltd.
14ba Queen Victoria St, EC4V 5AP 01-236 4070

Flexi-Bond	155.1	163.0	...	—
Flexi Pension Bond	149.8	157.3	...	—
Managed Bond		116.7	...	—
Managed Pension		123.1	...	—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090
Porchester Managed Funds

Albany (z)	128.50	135.20	+0.50	—
Cornhill (z)	111.50	117.50	...	—
Irish Life (z)	133.30	140.40	...	—
Royal Heritage (z)	110.20	116.10	...	—
Schroder (z)	107.20	112.80	+0.30	—
Skandia (z)	127.10	133.70	...	—
Target (z)	132.40	139.40	-0.3	—
Trident (z)	130.10	137.00	+0.2	—

Porchester Managed Pension Funds

Albany (z)	145.10	152.60	+0.70	—
Schroder (z)	106.20	111.70	+0.5	—
Skandia (z)	137.90	145.10	...	—
Target (z)	130.0	136.90	+0.10	—

Managed by Porchester Securities Limited

Roxborough Financial Services Plc
5-11 Fetter Lane, London, EC4A 1PH. 01-353 4040

Managed Fd (MI)		114.6	-0.1	—
Pension Managed (MI)		103.9	-0.1	—
Multi-Trust Fund (SK)	98.9	104.1	-0.1	—

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd	......	3.50	f8.33
45	40	Do. 6pc 28 Stb. Ass.	40	......	3	f7.50
47	45	Do 4pc Mixed Ass.	47	......	2	f4.26
65	58	Hung. '24 Ass	63	......	2.75	f4.37
146½	122⅞	Hydro Quebec 15pc 2011	140¼xd	–½	15.00	10.40
94	83	Iceland 6½pc '83-88	94xd	......	—	—
136¼	115½	Do. 14½pc Ln. 2016	128¼	–½	14.50	11.13
107½	94	Ireland 9¾pc '91-96	102	+¼	9.75	9.40
98½	93	Japan 6% '83-88	94	......	—	—

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	29xd	–⅛	$1.00	—	2.1
11	8⅞	Saul (B. F.) $1	9⅞	–⅛	20c	—	1.2
26¼	19⅞	Southwestern Bell $1	24⅞	...	h$2.32	—	5.8
17⅞	14¼	Staley Continental	17	+	80c	—	2.8
44	36⅞	Sun Co. Inc. $1	40⅞xd	–¼	$3.00	—	4.6
37	28⅞	TRW Inc. $1¼	33⅞	–	k$1.60	—	2.9
32	25⅞	Tenneco $5	30	–1¼	$3.04	—	6.0
187½	149½	Do. 10pc.Ln.Stk. 91-5	187½xd	...	10%	—	f5.5
26¼	17	Texaco $6.25	23xd	–⅛	$3.00	—	7.8
61⅞	47⅞	Time Inc. $1	60½	–½	$1.00	—	1.0
14½	11	Tractor $0.33	12⅞	–	40c	—	1.9
24⅞	18⅞	Transamerica $1	23¼xd	–½	$1.76	—	4.5
11⅝	922p	Transworld Corp $5	11⅝	+¼	20c	—	1.1
46	29¼	TRINOVA Corp.	43⅞	–⅞	k$1.00	—	1.4
20	15	♥USX $1	19	–	$1.20	—	3.7
19	15	Union Carbide $1	19	+	$1.50	—	4.8
35	26⅞	Utd. Technologies	30¼	–	$1.40	—	2.8
38⅞	27	US West‖	32⅞	–¼	$3.28	—	6.1
25	17⅞	Waste Management $1	24⅞	–⅞	—	—	—
£22¼	£20½	Whirlpool $1.0	£22	...	—	—	—
35⅞	26	♥Woolworth $3½	34	–1¼	$1.32	—	2.4

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21p	10p	♥Abbot Energy Corp.	21p	.....	—	—	—
25¼	10¼	♥Amer. Barrick Res.	19⅞	+¼	—	—	—
122p	52p	Arveeno	84p	.....	—	—	—
19⅞	14⅞	Bk. Montreal ‖	15½	+⅛	$2.00	—	5.9
10½	745p	Bk. Nova Scot.‖	817p	.....	72c	—	4.1
20⅞	18	BCE ‖	19½	+⅛	$2.40	—	5.7
960p	712p	♥Bow Valley‖	892p	+5	40c	—	2.1
19⅞	12⅞	♥Brascan‖	16¼	.....	88c	—	2.5
609p	277p	♥Brealwater Res.	344p	+8	—	—	—
11⅞	894p	Can.Imp.Bk. $2	10xd	.....	$1.08	—	5.0
12	865p	Can. Pacific ‖	11	.....	48c	—	2.0

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
338	305	PWS Holdings 10p	338	.....	†9.25	2.9	3.7	12.6
422	316	Pearl Group 5p	384	.....	10.5	—	3.7	—
*£11¼	804	Prudential	£10[illegible]	+[illegible]	29.0	—	3.7	—
538	433	Refuge 5p	535	–3	15.75	—	4.0	—
531	423	Royal	489	+1	h15.5	—	4.3	—
*344	274	Sedgwick Group 10p	306	+2	12.0	1.7	5.4	13.1
269	207	Steel Burrill J.10p	267	.....	9.0	2.0	4.6	14.9
505	403	Stewart Wr. 20p	483	+9	13.0	2.0	3.7	17.2
468	377	Stenge Hldgs 20p	463	.....	†16.0	2.5	1.8	30.2
1013	645	Sun Alliance	998	–2	21.5	—	3.2	—
£12¼	929	Sun Life 5p	£11⅞	+[illegible]	28.5	—	3.3	—
£69½	£39	♦Taisho M EDR	£52[illegible]	+[illegible]	gQ10%	—	0.8	—
£21½	£14½	Torchmark $1.00	£17¼	+[illegible]	Q60c	—	2.1	—
375	235	Trade Indemnity	355	.....	4.3	—	1.7	—
£34	£24⅞	Travelers $1.25	£28¼	–[illegible]	$2.20	—	5.0	—
£32½	£20⅞	USLIFE Corp. $1.0	£24½	.....	Q$1.20	3.2	3.0	5.4
725	555	♦Wd Friendly 8 10p	718	.....	21.0	—	4.0	—
464	367½	Willis Faber 12½p	433	–5	10.75	1.9	3.4	21.8
89	41	Windsor Secs. 10p	73	.....	†0.7	1.5	1.3	67.3

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
20	11½	♦A & M Group 10p	18	–½	0.4	2.0	3.0	22.5
83½	69	A-R TV Pref. £1	80	.....	5.95	48.1	12.2	—
242	189	Airtours 10p	238	–1	R5.4	2.5	3.2	17.3
*549	302	Anglia TV	468	–12	†g11.25	3.3	3.3	12.9
184	108	♦Aspinall Hldgs. 10p	156½	+9½	6.0	1.2	5.3	21.5
109	63	♦Avesco 1p	109‡	.....	0.5	♦	0.6	♦
48	40	♦BCE Hldgs 5p	45½	–½	Rd1.0	3.0	3.0	15.1
195	132	Barr & W.A.T. 'A'	192	+9	8.0	1.4	5.7	15.6
207	165	Boosey & Hawkes	205	.....	—	—	—	—
83	45	♦Border T.V.	52	–2	†g2.5	3.2	6.6	13.1
*378	79½	Brent Walker 10p	360	–6	9†.5	2.2	3.8	17.4

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	86	.....
Craig & Rose £1	£17¼	.....
Finlay Pkg. 5p	105	+1
Holt (Jos) 25p	970	.....
IoM Stm. £1	120	.....
IRISH		
Fund 11¼% 1988	£100¼	.....
Nat. 9¼% 84/89	£98½	.....
Fin. 13% 97/02	£120	.....
Arnotts	335	.....
CPI Hldgs	57	.....
Carroll Inds.	148	–2
Dublin Gas	18	.....
Hall (R. & H.)	100	.....
Heiton Hldgs.	39	–2
Irish Ropes	170	.....
Unidare	375	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	20
BAT	55
BOC Grp	45
BSR	17
BTR	30
Babcock	19
Barclays	52
Beecham	50
Blue Circle	58
Boots	25
Bowaters	50
Brit Aerospace	55
Brit. Telecom	32
Burton Ord	35
Cadburys	22
Charter Cons.	40
Comm Union	30
Courtaulds	45
FNFC	30
Gen Accident	95
GEC	24
Glaxo	200
Grand Met	55
GUS 'A'	175
Guardian	90
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	125
Jaguar	52
Ladbroke	40
Legal & Gen	32
Lex Service	45
Lloyds Bank	50
Lucas Inds	62
Marks & Spencer	22
Midland Bk	55
Morgan Grenfell	35
NEI	12
Nat West Bk	65
P & O Dfd	65
Plessey	22
Polly Peck	28
Racal Elect	24
RHM	30
Rank Org Ord	70
Reed Intnl	45
STC	30
Sears	15
TI	34
TSB	10
Tesco	55
Thorn EMI	70
Trust Houses	24
Turner Newall	28
Unilever	300
Vickers	20
Wellcome	42
Property	
Brit Land	25
Land Securities	45
MEPC	42
Peachey	45
Oils	
Brit Petroleum	32
Britoil	32
Burmah Oil	45
Charterhall	6
Premier	11
Shell	110
Tricentrol	11
Ultramar	24
Mines	
Cons Gold	95
Lonrho	26
Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Equities rally from early falls as Government bonds await new official tap stock

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20

* New time dealings may take place from 9.00 am two business days earlier.

The recovery in the UK securities markets was held in check yesterday by an uninspiring performance by the pound, and a £208m addition by Argyll Group to the list of rights issues now hanging over equities. The sting was taken out of the equity sector by an easier trend in Gilts, which expect a new tap issue within the coming week. Interest in blue chip stocks was again very selective, with good results from TSB (Trustee Savings Bank) and BPB failing to inspire their respective shares, but several other well-known names finding the buyers.

At the close, the FT-SE 100 index was a net 6.8 down at 2,277.2, having rallied from a 19-point fall at mid-session. The FT Ordinary share index lost 0.9 to 1,772.5.

Equities opened easier and were undermined later by the trading statement from Argyll Group. The rights issue was unexpected, but the major cause for the market's unhappiness was the method of accounting for the Safeway redevelopments, which unsettled some other retail store issues.

The rest of the equity market soon rallied however, helped by gains in pharmaceutical and insurances.

Glaxo came in for renewed buying as a major US house in London followed the Nomura lead in recommending the stock as a cheap buy after its recent fall.

Also firmer on the pharmaceuticals pitch was Wellcome, as London analysts took a favourable view of a presentation delivered at the Beckenham Research and Development Centre.

Suggestions that the OPEC meeting, which opened yesterday, was finding it hard to find agreement on pricing policies left the leading oil stocks easier at the close, despite the firm start on Wall Street.

Industrial equities looked patchy, with Imperial Chemical Industries easier but Jaguar attracting US buyers once again. Unilever lost much of an early gain after announcing the date for its long publicised share split.

Ahe Government bond sector remained in good form, despite a general withdrawal of institutional interest following the exhaustion of the official tap stock on the previous day. Traders believe that the authorities may hold over the new tap stock until next week, leaving prices to find their own level for a while.

The long end of the bond market was sold off as the pound softened yesterday, and prices were ½ point lower at noon. A rally then set in and by the close, falls had been trimmed to a net ¼ on the session.

Argyll Group, the food retailer headed by Jimmy Gulliver and Alistair Grant, led equities on a downward path, closing 45 lower at 439p as the group unveiled a surprise £208m rights issue — the second cash call of the year — along with preliminary figures described by Wood Mackenzie as "slightly disappointing."

Pre-tax profits came out at £80.6m, below best estimates, while analysts' eyebrows were raised on news that some £90m of fixed asset write offs and revenue costs associated with the Safeway redevolpment will be taken above the line.

The major clearing banks traded quietly and displayed small irregular movements. Barclays were supported early on and rose 13 to 595p, while NatWest firmed 12 to 725p. Lloyds, on the other hand, slipped 3 to 585p, while Midland were unaltered at 615p. TSB touched 95p following the interim figures, but eased back to close ½ cheaper on balance at 93¼p.

Composite Insurances were a shade firmer in places, but most of the business related to inter market-maker trades. Royals had an initial run up to 509p before easing back to close just 5 dearer on balance at 493p. In the Life sector, renewed overseas buying lifted Prudential 1/16 to £10 13/16. Lloyds brokers continued to feature Stewart Wrightson, up 9 more at 483p on speculation about a possible bid from Willis Faber.

TV and video retailers Colorvision staged a highly successful debut in the Unlisted Securities market, the shares closing at 161p having touched 165p at one stage; this compares with a placing price of 120p.

Leading Building issues made an irregular showing. Blue Circle were boosted by traded option activity and rose 10 to 495p, but BPB Industries came on offer following the annual results which were deemed disappointing and dipped 24 to 810p. Marley, helped by a broker's circular, firmed 9½ to 181p; analysts are due to visit the company's Thermalite operations today. Among the second-liners, Turriff gained 22 to 374p and James Latham rose 93 to 550p, both in restricted markets, the former on reports of a series of company presentations and the latter in belated response to the annual results and proposed 100 per cent scrip issue. Speculative buying lifted Newman-Tonks 15 to 209p and Stanley Miller 12 to 163p.

In the Chemical sector, BTP responded to the increased annual profits and confident statement with a rise of 9 at 212p. Foseco gained 8 to 274p on revived takeover hopes. Leigh Interests firmed 4 to 169p in the wake of results.

The announcement from Argyll, also spread a certain level of disquiet among leading high street Stores. Burton, 14 down at 311p, and Woolworth, 22 lower at 400p suffered more than most. Harris Queensway closed 11 cheaper at 238p as brokers Wood Mackenzie reiterated its "sell" advice. In contrast, second-line issues displayed some sharp gains. Lanca rose 11 to 79p following the appointment of Chimu Gidoomal and Andrew Greystoke to the board; the move is "expected to herald a more aggressive acquisition programme" Bremner, on the other hand eased 2 to 108p following details of the purchase of Carswell, the Glasgow-based stockbroker, while occasional speculative attention was directed towards A. Goldberg, 11 up at 205p. Perhaps the session's brightest feature, however, was provided by Wooltons Betterware, the USM-quoted curtain retailer, which advanced 11 to 188p after revealing a bumper set of full-year figures. Wooltons have come a long way since last October's offer for sale which was undersubscribed and saw the shares begin life at a subtantial discount to the offer price of 104p.

Leading Electricals passed a relatively busy trading session, with quotation usually a few pence firmer on the day. Cable and Wireless settled 5 better at 390, after comment on the preliminary figures. Some 7.9m shares changed hands. GEC edged up 3 to 240p and Plessey rose 8½ to 233½p. Against the trend, British Telecom (5.6m shares) closed 3½ down at 298½. Micro Focus, up 19 at 179p, were outstanding in secondary issues. Kewill Systems hardened 3 to 93p in response to the preliminary figures.

Among the Engineering leaders, GKN came to life with a gain of 14 at 346p amid vague talk of a bid from BTR. Elsewhere, Press mention stimulated buying interest in Adwest, up 11 at 319p, and S. W. Wood, 8 to the good at 124p. Richards (Leicester), still reflecting the change in stakeholding, moved up 15 more to 145p. Habit Precision, in which Abbey Life Assurance disclosed a 5.19 per cent holding, improved 6 to 146p.

Argyll's statement prompted widespread losses among other food retailers. Although a firmer tone developed during the afternoon, share prices still showed falls into double figures. Worst hit was Dee Corporation, finally 15 off at 228p, while Tesco, 572p, and Kwik Save, 410p, dipped 12 to 8 respectively.

Elsewhere, Hughes Food hardened a few pence to 146p following pleasing 18-month figures; the group also annouced a rights issue and the purchase of Peterhead Ice and County Produce (Frozen Foods). E. T. Sutherland, on the other hand, fell 6 to 90p; Sutherland has recently been touted as a possible bid target for Hughes. A flurry of speculative actvity lifted M6 Cash and Carry 7 to 143p.

Trusthouse Forte eased 4 to 252p as the interim profits matched City expectations. Analysts are clearly looking forward to the second-half and BZW, for one, rate THF as a "long-term buy."

An easier trend developed in the miscellaneous industrial leaders, but Glaxo featured a late advance of ½ at £17¼. On US buying amid talk of developments in one of the company's new drugs. Among the other pharmaceutical issues, Wellcome improved 14 more to 439p following a visit by analysts. Elsewhere, Reed International reacted afresh to 583p, down 11, on the unwinding of recent speculative positions in the absence of any bid developments. Pilkington drifted back to close 6 cheaper at 934p, but Hanson Trust edged up 2 further to 174½p in a volume of 17m shares following the successful 45m share placing.

British Aerospace, unsettled by competition worries, eased 8 to 536p. BET, in contrast, helped by a recent Klienwort Grievson recommendation, were supported and put on 9 to 300p. Profit-taking after the interim results prompted a reaction of 13 to 180p in Burndene, while lower half-year profits left Stainless Metalcraft 9 down at 184p. Bluebird Toys, prompted by news of the acquisition of Peter Pan playthings for £3.5m, advanced 20 to 413p. Pearson, which announced the sale of the freehold of the Bracken House headquarters of the Financial Times for £143m, met with a revival of demand and put on 21 to 701p. Some 2.8m shares changed hands. Further consideration of the preliminary figures caused a reaction of 15 to 427p in Charter Consolidated, while Celestion fell 8 to 41p on the lower annual profits. Buying interest revived in Johnson Matthey, up 9 at 380p, while other noteworthy movements included NMC, 19 dearer at 260p, and Wyndham Group, up 18 further at 226p.

Bright features in the Leisure sector included Zetters, 30 higher at 370p on takeover speculation. Really Useful were in demand at 520p up 12.

Unsettled by the setback in Glaxo, Pharmaceutical shares gave ground. Beecham were particularly vulnerable to selling after the recent show of strength mainly on prospects for the company's drug Eminase and fell away in a volume of 5m shares to close 15 lower at 557p. Falls of around 8 were recorded in Fisons and Wellcome at 384p and 428p respectively, while Boots eased 5 to 292p. Elsewhere, London International closed 2 higher at 332p, after 334p, following the announcement of annual results at the top end of market estimates. Better-than-expected preliminary figures gave a boost to Johnson Matthey, 14 to the good at 377p, while Scapa Group, also on trading news, rose 9 to 309p. Beatson Clark featured a gain of 18 at 339p on news that AAF Investment Corporation has increased its holding in the company to just over 21 per cent, but Ricardo, bought recently on takeover hopes, reacted 12 to 158p. British Aerospace remained on offer and gave up 7 more to 533p. Continuing expansion hopes lifted DSC 50 to 433p, while suggestions that the Financial Times' Bracken House headquarters has been sold prompted a gain of 10 to 862p in Pearson.

Owners Abroad made strong headway and mounting takeover speculation and closed 11 higher at 145p; market rumours suggested that another hitherto unknown bidder may challenge for the company despite the fact that International Leisure already holds a sizeable stake in the company. Development proposals continued to boost Brent Walker 24 to 368p, but recent high-flyer Marina Development eased back to close 9 down at 438p. Julianas slipped 3 to 84p following acquisition news. Lucas Industries advanced 11 to 694p following the sale of its vehicle lighting operations to Fiat of Italy. Distributors trended higher, where altered. Further consideration of the first-half figures lifted Lookers 10 to 363p, while takeover speculation continued to surround Frank G. Gates, which rose 12 to 270p.

Motors provided the occasional firm feature. Revived international support lifted Jaguar 10 to 539p. Components highlighted FR Group which put on 9 to 440p amid hopes of imminent orders from the US..

The re-rating of certain Property issues active in the City of London following the sale of the Financial Times building for £143m cash to a Japanese construction group continued with Land Securities rising 8 more to 548p and MEPC gaining 10 to 535p. Hammerson A were 5 dearer at 650p, while Wates City of London Properties added a penny more to 244p. Greycoat responded to the better-than-expected preliminary results and net asset value with a gain of 12½ at 422½, while Rosehaugh firmed ¼ to £10¼. Speculative buying boosted Regalian 18 to 284p, while impressive annual figures lifted Parkdale 15 to 163p. Sheraton Securities firmed 7 to 114p in belated response to a broker's bullish circular, but Local London lost 10 to 790p following details of the acquisition of Selmonde, a commercial property owner and business centre operator, for £10.35m.

A topsy-turvy day in the underlying shares failed to stimulate action in traded options. Total contracts struck amounted to 40.622 — the lowest since early May. Nevertheless, operators showed revived enthusiasm for positions in Hanson Trust — which attracted 5,021 calls and 1,552 puts — and for British Gas with 2,733 calls and 1,621 puts transacted.

Traditional Options

- First dealings June 8
- Last dealings June 19
- Last declaration Sept 10
- For Settlement Sept 21

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included STC, Sears, Sound Diffusion, Rotaprint, Property Trust, Stakis, Rolls-Royce, Platignum, Waterford Glass, Lopex, Amstrad, Martin Ford, Raglan, Raine Industries, Trimoco, Greenwich Resources, North Kalgurli, Blacks Leisure, Briden, NEI, Bestwood, Brunswick, Thomas Locker A, Bejam and Empire Stores. Puts were arranged in TSB, Amstrad, Greenwich Resources and Pentland Industries, while Peek Holdings were dealt in for the double.

FINANCIAL TIMES STOCK INDICES

	June 25	June 24	June 23	June 22	June 19	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.91	91.07	90.55	90.59	91.16	90.84	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.59	98.07	97.91	98.03	98.50	96.92	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1772.5	1773.4	1751.6	1737.0	1758.3	1353.1	1,801.7 (17/6)	1,320.2 (2/1)	1,801.7 (17/6/87)	49.4 (26/6/40)
Gold Mines	375.9	373.6	364.1	376.7	390.1	202.1	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.22	3.23	3.26	3.29	3.26	4.08				
Earnings Yld.%(full)	7.76	7.78	7.87	7.93	7.86	9.79				
P/E Ratio (net) (*)	15.85	15.83	15.64	15.53	15.67	12.43				
SEAQ Bargains (5 pm)	42,659	40,002	41,368	45,310	43,540	—				
Equity Turnover (£m)	—	1644.23	1589.42	1631.42	1523.58	634.88				
Equity Bargains	—	45,394	54,124	51,893	53,267	23,219				
Shares Traded (ml)	—	593.0	598.9	619.3	628.7	270.4				

S.E. ACTIVITY

Indices	June 24	June 23
Gilt Edged Bargains	135.1	152.8
Equity Bargains	294.1	350.7
Equity Value	3323.4	3212.6
5-Day Average		
Gilt Edged Bargains	143.0	143.1
Equity Bargains	341.5	366.1
Equity Value	3222.3	3290.0

♥ Opening 1776.7 | 10 a.m. 1777.0 | 11 a.m. 1771.9 | Noon 1768.1 | 1 p.m. 1770.5 | 2 p.m. 1770.2 | 3 p.m. 1772.7 | 4 p.m 1770.5

Day's High 1779.0. Day's Low 1767.3. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=15.54.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (227)

AMERICANS (4), CANADIANS (1), BANKS (1), BREWERS (3), BUILDINGS (14), CHEMICALS (3), STORES (8), ELECTRICALS (13), ENGINEERING (15), FOODS (4), HOTELS (2), INDUSTRIALS (45), LEISURE (8), MOTORS (3), NEWSPAPERS (5), PAPER (13), PROPERTY (20), SHIPPING (3), SHOES (1), TEXTILES (8), TOBACCOS (1), TRUSTS (58), OILS (8), OVERSEAS TRADERS (3), MINES (3).

NEW LOWS (9)

AMERICANS (1) BASIX Corp., BANKS (1) Cie Bancaire, STORES (1) [illegible], ELECTRICALS (1) [illegible] Circuits, INDUSTRIALS (1) West Inds., NEWSPAPERS (1) [illegible], OVERSEAS TRADERS (1) REA Holdings, MINES (2) Belgravia Res., Eastern Group.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	8,800	189	−3	Ladbroke	2,440	426½	−2½
Allied Lyons	995	427	−3	Land Securities	1,000	548	+8
Amstrad	2,800	180	−3	Legal & Gen.	303	350	+1
Argyll Group	10,000	439	−45	Lloyds Bank	252	585	−3
Assoc. Brit. Foods	176	398	−6	Lonrho	2,050	267½	−5
BAT	1,200	567	−6	MEPC	1,600	535	+10
BET	2,600	300	+9	Marks & Spncr	2,800	243	−9
BOC	1,000	499	−6	Midland Bank	315	615	—
BPB Inds	1,500	810	−24	NatWest Bank	1,900	725	+12
BPCC	2,000	317	+6	Next	1,500	336½	−1½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	5	106	2
Corporations, Dominion and Foreign Bonds	4	24	31
Industrials	466	504	584
Financial and Properties	189	118	291
Oils	25	37	52
Plantations	2	4	8
Mines	58	54	76
Others	50	101	105
Totals	799	948	1,148

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Thursday June 25 1987: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Wed June 24 Index No.	Tues June 23 Index No.	Mon June 22 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (213)	952.34	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (724)	1143.83	−0.2	—	3.06	—	13.26	[illegible]	[illegible]	1127.96	808.50

	Index No.	Day's Change	Day's High	Day's Low	June 24	June 23	June 22	June 19	June 18	Year ago
FT-SE 100 SHARE INDEX ‡	2277.2	−6.8	2282.9	2264.8	2284.0	[illegible]	[illegible]	[illegible]	[illegible]	1637.5

FIXED INTEREST

PRICE INDICES	Thurs June 25	Day's change %	Wed June 24	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	123.41	−0.04	123.86	0.41	5.94
2 5-15 years	142.63	−0.12	142.80	—	7.22
3 Over 15 years	153.02	−0.10	153.17	—	6.85
4 Irredeemables	166.84	−0.11	168.00	0.97	7.27
5 All stocks	139.09	−0.09	139.36	0.14	6.78
Index-Linked					
6 5 years	121.46	−0.18	121.68	—	1.57
7 Over 5 years	115.11	−0.65	115.86	—	1.71
8 All stocks	115.46	−0.61	116.17	—	1.69
9 Debentures & Loans	123.32	+0.03	123.28	—	5.86
10 Preference	89.36	−0.05	89.41	—	3.01

AVERAGE GROSS REDEMPTION YIELDS

		Thurs June 25	Wed June 24	Year ago (approx.)
British Government				
1 Low Coupons	5 years	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Opening index 2281.8; 10 am 2281.1; 11 am 2275.6; Noon 2266.3; 1 pm 2270.5; 2 pm 2269.8; 3 pm 2275.0; 3.30 pm 2275.3; 4 pm 2273.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
Allied Lyons (*427)	390	43	58	68	3	[illegible]	[illegible]
	420	22	42	53	10	[illegible]	[illegible]
	460	5	22	35	38	[illegible]	[illegible]
Brit. Airways	130	26	33	—	2	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

June 25. Total Contracts 40,622. Calls 29,132. Puts 11,490. FT-SE Index Calls 1,449. Puts 690. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

June 25	Price Sch%	+ or −
Creditanstalt	1910.00	−5
Goesser	2665.00	+5
Interunfall	11860.00	......
Jungbunzlauer	7800.00	+300
Laenderbank	1790.00	......
Perlmooser	683.00	−2
Steyr-Daimler	113.00	−3
Veitscher Mag	740.00	−8

BELGIUM/LUXEMBOURG

June 25	Price Frs.	+ or −
B.B.L.	3250	......
Banque Gen. Du L.	15300	......
Bank Int. A	14300	......
Bekaert B.	11250	+225
Ciment CBR	5520	......
Cockerill	175	−3
Delhaize	3320	......
EBES	5010	......
Fabrique Nat	1530	−10
GB Inno BM	1150	−20
GBL (Brux) L	3640	−60
Generale Bank	6380	−20
Gevaert	6960	......
Hoboken	7310	−90
Intercom	4015	+15
Kredietbank	4510	−170
Pan Holdings	12500	......
Petrofina	11700	−25
Royale Belge	6300	+120
Soc Gen Belge	3850.00	+10
Sofina	14300	+125
Solvay	12475	+50
Stanwick Intl.	450	......
Tractebel	7170	−60
UCB	9650	+140
Wagons Lits	5420	−70

DENMARK

June 25	Price Kr %	+ or −
Baltica Skand	950.00	−5
Cop Handelsbank	280.00	−2
D. Sukkerfab	321.00	+1
Den Danske Bank	358	−4
East Asiatic	203.00	−3
Forenede Bryggs	845	......
GNT Holding	261.00	+1
I.S.S.B. Systems	800.00	+10
Jyske Bank	545	......
Novo Inds.*	278.00	......
Privatbanken	278.00	−7
Sophus Berendsen	905.00	−10
[illegible]	[illegible]	[illegible]

GERMANY

June 25	Price Dm.	+ or −
AEG	316.00	+4.5
Allianz Vers	1784.00	+9
BASF	314.50	+12
Bayer	333.00	−4.5
Bayer-Hypo	422.00	+8
Bayer-Verein	472.00	+7.5
BHF-Bank	443.00	+8
BMW	669.00	+13
Brown Boveri	311.00	−3
Commerzbank	271.50	+6
Cont'l Gummi	347.50	+6
Daimler-Benz	1113.00	+16
Degussa	482.00	+4
D'sche Babcock	238.00	+6
Deutsche Bank	632.50	+7.5
Dresdner Bank	330.50	+5.7
Feld Muehle Nob	304.80	+3.8
Henkel	541.00	+11
Hochtief	632.00	+3
Hoechst	302.00	+8.5
Hoesch Werke	125.80	+3.7
Holzmann (P)	375.00	+8
Horten	224.00	+3
Hussel	559.00	−3
Karstadt	462.00	+11
Kaufhof	468.00	+6
KHD	175.50	+3.5
Kloeckner	41.50	−0.3
Linde	732.00	+10
Lufthansa	180.00	+7
MAN	170.00	+0.3
Mannesmann	160.50	+1.5
Mercedes Hld.	943.00	+23
Metallgesell	333.00	+3
Muench Rueck	1849	+9
Nixdorf	821.50	+6.5
Porsche	980.00	+60
Preussag	153.00	......
Rhein West Elect.	215.00	+3.5
Rosenthal	265.00	−4
Schering	573.50	+11.5
Siemens	740.00	+8.5
Thyssen	122.50	+2
Varta	345.00	+2
Veba	309.50	+5.5
V.E.W.	164.00	−4
Verein-West	403.00	+3
Volkswagen	421.50	+17.5

ITALY

June 25	Price Lire	+ or −
Banca Com'le	23595	......
Bastogi-IRBS	665.00	+5
CIR	6090	......
Credito Italian	2050	−113
[illegible]	[illegible]	[illegible]

SPAIN

June 25	Price Pts.	+ or −
Banco Bilbao	1371.00	+11
Banco Central	1025.00	+5
Banco Exterior	445.00	......
Banco Hispano	509.00	−1
Banco Popular	1575.00	......
Banco Santander	1165.00	+5
Banco de Vizcay	1850.00	......
Banesto	799.00	+34
Dragados	868.00	+41
Hidrola	78.70	+3
Iberduero	113.00	+0.5
Petroleos	529.00	+5.5
Telefonica	198.00	−6.7

SWEDEN

June 25	Price Kroner	+ or −
AGA (free)	203.00	−2
Alfa-Laval	315.00	−1
ASEA (Free)	352.00	+2
Astra (Free)	285	......
Atlas Copco	171.00	−2
Beijer A Fria	230	......
Cardo (Free)	235	......
Cellulosa	347.00	−3
Electrolux B	286.00	−2
Ericsson	250.00	−3
Esselte	156.00	+8
Mo Och Domsjo	380.00	−10
Pharmacia	200.00	−3
Saab-Scania (free)	626.00	−1
Sandvik	172.00	......
Skandia	152.00	−1
Skan Enskilda	129.00	−1
SKF	338.00	−4
St. Kopparbergs	389.5	......
Svka Handelsbn	450.00	+5
Swedish Match	104.00	......
Volvo B (Free)	315.00	−2

SWITZERLAND

June 25	Price Frs.	+ or −
Adia Intl.	11950	+200
Alusuisse	669	+4
Bank Leu	3225	+25
Brown Boveri	2415	+15
Ciba Geigy	3680	−170
do. (PtCts)	2465	+15
Credit Suisse	3175	+15
Elektrowatt	3675	+50
[illegible]	[illegible]	[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
Closing prices June 25

[illegible]

MONTREAL
Closing prices June 25

[illegible]

Indices

NEW YORK

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

Sea Cntl	3,275,500	32½	+ ⅛	[illegible]	1,823,300
Tandem Comp	3,188,200	32¾	−3⅛	[illegible]	1,755,300
Dayton Hud	2,341,300	50¾	− ¾	[illegible]	1,712,800

Advances 811 Declines 422

Base values of all indices are 100 except [illegible] Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

LONDON — Most Active Stocks
Thursday, June 25, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Hanson Tr.	15.8m	174½	+ 2	Cable & Wire	8.3m	380	+ 5
Dee Corp.	11.0m	228	−15	Burton	6.1m	311	−14
Argyll Gr.	10.0m	439	−45	BP	6.0m	371	− 3
ASDA-MFI	9.9m	180	− 3	Britoil	5.9m	303½	− 8½
Brit Gas	7.3m	177	uch	Brit Telecom	5.3m	288½	− 3½

TOKYO — Most Active Stocks
Thursday, June 25, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Mitsubishi Elec	39.33m	650	+30	Sumitomo Light Metal	15.51m	430	+ 9
Hitachi Ltd	34.73m	1,230	+30	Nippon Steel	15.26m	317	− 4
Sanyo Elec	30.51m	570	+21	Toshiba	14.81m	720	− 2
Matsushita Elec	24.76m	2,250	+30	Fujitsu	12.34m	1,170	+10
NEC	18.59m	2,200	+50	Kanishiroko	12.22m	815	−30

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:					
BTP	212 + 9	Lanca	79 + 11	Rothmans	324 + 38
Bluebd Toys	418xr + 20	M6 Csh & Cry	143 + 7	S. Wrighton	483 + 9
Bl. Circle	495 + 10	MEPC	535 + 10	Turriff	374 + 22
FR Group	440 + 9	Marley	181 + 9½	Wools. Bttware	188 + 11
Glaxo	£17¾ + ½	Newmn-Tnks	209 + 15	Zetters	370 + 30
Greycoat	418 + 8	Pearson	701 + 21		
		Richards (Leic.)	145 + 15		

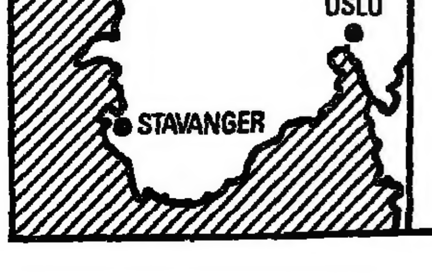
FALLS:	
Arg. Group	439 − 45
BPB Inds	810 − 24
Brit. Aerospace	538 − 8
Britoil	303½ − 8½
Dee. Corp.	228 − 15
Harr. Qnsway	238 − 11
Reed Intl.	583 − 11
Sutherland (E.T.)	90 − 6
Woolworth	400 − 22

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 47

[illegible]

Stock	Sales (Hnds)	High	Low	Last	Chng
QMeds	338	11¼	10¾	10⅞	− ⅜
QVC	429	10¼	9	10	+ ½
Quadrx	1178	9⅝	9	9⅝	+ ⅝
Quantm 18	2070	17¾	16¾	16¾	− ¾
Quiksilv 19	56	11⅝	11½	11½	− ⅛
Quixte	476	13⅛	12¾	13⅛	+ ¼
R R					
RPM .72 20	974	21½	21¼	21½	+ ¼
RadSys 14	269	9⅝	9½	9½	+ ⅛
Rainer 1.16 16	1414	53¼	52⅞	53⅛	− ⅛
Reeves 17	1169	10⅛	9⅞	9⅞	
RgcyEl .20	344	6	5¾	5⅞	



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35	20 1/8	AAR s	.50	1.5	23	397	33 1/2	32 5/8	32 3/4	− 5/8
37	21 7/8	ADT	.92	2.9	18	252	32 1/2	31 5/8	31 5/8	− 1/2
27 3/4	15 3/4	AFG s	.16	.6	12	365	27	26 3/4	26 3/4	− 1/8
22 3/8	8 3/8	AGS s			18	930	18 5/8	17 3/4	17 7/8	− 1/2
13	6 3/4	AMCA				1	7 7/8	7 7/8	7 7/8	
9 3/8	4 7/8	AM Intl				2136	7 7/8	7 1/2	7 3/4	+ 1/4
62 1/4	47 1/4	AMR			13	5402	u62 7/8	62 1/4	62 3/8	+ 5/8
11 3/4	8	ARX s			12	95	10 3/4	10 5/8	10 5/8	
73 1/2	28 3/4	ASA	2a	3.6		473	55 7/8	55 1/8	55 7/8	− 1/8
20	9 3/4	AVX		1.8	90	122	18	17 7/8	18	
67	41	AbtLab	1	1.5	27	2877	65 1/4	63 5/8	64 5/8	− 1/8
28 3/4	16 5/8	AccoW s .44		1.5	26	1244	28 5/8	28 1/2	28 1/2	
15 1/8	9	AcmeC	.40	3.0	9	35	13 3/8	13	13 1/8	
8 3/8	6 1/8	AcmeE	.32b	4.1	30	5	7 7/8	7 3/4	7 7/8	+ 1/4
23 7/8	19	AdaEx	3.42e	15.		86	22 3/8	22	22 1/4	+ 3/8
19 1/2	11 3/8	AdmM s	.24	1.5	12	76	16 1/2	16 3/8	16 3/8	
23 3/4	12 1/8	AdvSys	.62t	2.6	17	111	u24 1/4	23 7/8	24	+ 1/4
24 1/2	12 7/8	AMD				20253	20	18 1/8	18 5/8	− 1
54 3/4	49 3/8	AMD pf	3	6.1		729	50 3/8	d48 3/4	49 1/4	− 7/8
10 3/4	5 1/4	Adobe				335	9	8 3/4	8 7/8	+ 1/8
20 1/2	13 3/4	Adob pf	1.84	9.7		9	19	18 3/4	19	
21 7/8	16 3/8	Adob pf	2.40	11.		14	21	20 3/4	21	+ 1/4
15 5/8	10 3/8	Advest	.12a	1.0	9	113	12 1/2	12 3/8	12 1/2	
68 1/4	53	AetnLf	2.76	4.6	9	9080	60 1/8	59 3/8	59 5/8	− 1/4
53 5/8	51 1/8	AetL pf	3.75e	7.2		4	51 3/4	51 3/4	51 3/4	
64 1/2	26 1/2	AfilPb s	.32	.5	31	387	61	59 3/8	59 5/8	− 1 7/8
28 3/4	16 5/8	Ahmans	.88	4.1	7	6339	21 5/8	21 1/8	21 1/4	
5 3/4	2 7/8	Aileen				134	4 1/4	4 1/4	4 1/4	

Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49	39½	PhE	pfC4.40	10.		z400	43½	42½	42½	−½
87⅞	79	PhE	pfG8.75	10.		z130	84½	83¾	84½	
13⅞	12⅛	PhE	pfR1.41	11.		58	12⅝	12⅜	12⅜	−⅛
13¼	11	PhE	pfP1.33	11.		53	11⅝	11⅝	11⅝	−⅛
88⅜	70¾	PhE	pfH7.85	10.		z410	77½	78	77½	−¼
12⅞	11	PhE	pfO1.28	11.		44	11¾	11½	11¾	+¼
124	110	PhE	pfM15.25	14		z460	111½	110¼	110¼	−1¼
105	89	PhE	pfL9.52	10.		z20	91	91	91	−1½
103	84	PhE	pfK9.50	11.		z200	90	90	90	
88	71	PhE	pfJ7.80	10.		z480	78¼	77¼	78	−1½
85	69	PhE	pfI7.75	10.		z150	74	74	74	
19¾	13¾	PhilSb s .94		6.2	12	581	15¾	15	15¼	−⅝
92¼	63	PhilMr 3		3.3	14	4540	89⅝	88⅞	89⅝	+¼
22	13	PhilpI s .36		1.7	18	681	21½	21⅛	21⅜	+¾
25⅞	18⅝	PhilGl .80e		3.2	12	2163	25⅜	25	25⅝	+½
17⅛	8¼	PhilPet .60		3.8	44	5188	16	15¾	16	+⅛
24¾	19¼	PhlPt pf1.75e		7.2		14	24⅜	24¼	24¼	+⅛
20¼	15	PhlVH s .28		1.4	15	272	19¾	19⅛	19¾	
13½	5⅛	Phlcrp n				182	6⅜	6	6	−¼
71	35¾	PiedAv .32		.5	17	21	69	68¾	69	+⅛
24¼	17	PiedNGl.32		6.3	10	19	21½	21	21	
21½	10⅛	Pier 1 s.08b		.4	31	442	21¼	20¾	20⅞	−⅜
10⅞	7¼	PilgRg .28e		3.3		195	8⅛	8	8	
15⅜	9¼	PilgPr n.02e		.2	11	91	10¾	10½	10½	−⅛
48⅛	32⅜	Pilsby s 1		2.3	19	4603	44½	44	44⅛	−⅜
32¾	27⅛	PinWst2.80		8.7	10	920	32⅛	31¾	32⅛	+⅜
41⅜	21⅞	PionrEl.13e		.3	104	244	u42½	42	42½	+1⅜
46⅛	27⅜	PitnyB s .76		1.7	20	1325	43¾	43½	43⅝	
16½	10½	Pittstn			45	871	15½	15⅛	15¼	−⅛
33¾	20¼	PlainsP.05e		.2	75	24	32⅜	32	32⅜	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

R R

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S S S

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3⅝	1⅛	Savin				398	1⅜	1¼	1⅜	
5¾	3⅛	Savin pf				14	4⅝	4½	4⅝	+⅛
42⅞	30⅞	SCANA2.32		6.8	11	775	34	33¾	33¾	+¼
10	8	Schlr n				13	8½	8⅜	8⅜	−⅛
51	34¾	SchrPl s			22	2861	50¼	49¼	50¼	+1⅜
46½	27¼	Schlmb1.20		2.7		3537	44½	44	44¼	
18¾	8½	SciAtl .12		.6		4132	u19⅞	19	19⅞	+1⅜
82½	52¾	ScottP 1.36		1.8	15	584	76	75⅜	75¾	+½
17½	12	Scottys .52		3.8	19	103	13¾	13⅝	13¾	−⅛
11⅞	11½	ScuNA n				893	11½	d11⅜	11⅜	−⅛
25¾	12¾	SeaCnt				290	22½	21⅞	22¼	−⅛
14⅛	7⅜	SeaCt pf1.46		11.		12	13⅝	13½	13⅝	
16⅜	10½	SeaC pfB2.10		13.		x26	16	15⅝	15⅞	+⅛
16½	9¾	SeaC pfC2.10		13.		x40	15⅞	15½	15⅝	
51¼	34½	SeaC pfD4.12		8.8		x29	47	46½	47	−⅜
78¾	37⅜	Seagrm 1		1.3	17	2116	78⅜	77⅜	78⅛	+¾
21⅛	12⅛	Seagul			10	35	20⅜	20¼	20¼	
52¼	33⅛	SealAir .52		1.1	20	249	46⅝	45½	45¾	−1
35⅜	23⅛	SealPw1.10		3.2	14	232	u35¾	34⅝	34⅝	+¾
58	39	Sears 2		3.9	13	6953	52½	51⅝	51¾	−¼
42½	32	SecPac1.80		4.3	8	2983	42¼	41⅞	42	+⅛

T T T

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44⅞	28⅝	Tribun s .80		1.4	17	1056	43⅝	42⅞	43⅛	+⅛
3½	1⅜	Tricntr				286	3¼	3¼	3¼	
28¼	15¼	Trinty .50		1.8	80	750	27⅞	27⅜	27⅞	+⅝
73¾	42¼	Trinov s 1		1.4	10	157	71¼	70	71	+1¼
21½	13⅜	TritEng.10b		.5	16	881	u21¾	21⅛	21⅝	+⅜
28½	20¾	TritE pf 2		7.3		545	27¾	27¼	27½	+¼
66	51	TucsEP3.60		6.1	12	261	58¾	58¼	58⅝	+¼
24	15⅛	Tultex s .36		1.9	17	749	19⅜	18¾	19¼	+⅜
19⅜	14¼	TwinDs .70		3.8		6	18¼	18¼	18¼	
52⅜	30¾	TycoLb .40		.9	19	1101	44½	44⅛	44¼	−¼
17⅛	11¼	Tyler .40		3.1	25	216	12¾	12½	12¾	+⅛

U U U

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44½	18	UCCEL			38	892	43½	41¾	42¼	−1¼
27⅛	17¼	UDC s 2.20		11.	7	209	20½	19⅞	20⅜	+⅛
32	24	UGI 2.04		6.9	13	528	29⅝	29	29½	+⅜
12⅜	8⅛	UNCInc			15	2223	10	9¾	10	+⅜
31⅜	20⅝	UNUM n.20e		.8		573	24⅜	23¾	23⅞	−⅛
21⅞	14⅜	URS			17	186	17½	17	17½	+½

V V V

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

W W W

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47⅞	31⅛	Witco 1.12		2.6	14	1415	43¼	42⅝	42⅝	+⅛
14	8⅛	WolvrW				80	12⅜	12⅛	12⅜	
57⅞	37	Wlwth s1.32		2.4	16	1811	55¾	54⅞	55¼	−¼
161	108	Wolw pf2.20		1.4		2	156	156	156	−5
7¼	2	WrldCp				20	6⅛	6⅛	6⅛	−⅛
19¾	14⅝	WrldVl n				27	18¼	18⅛	18¼	+⅛
54	30⅛	Wrigly s1.04		1.9	20	81	54	53⅛	53⅞	+1⅛
3⅞	1⅜	Wurltzr				55	2⅜	2¼	2⅜	+⅛
18⅞	11	WyleLb .32		1.9	33	422	16⅝	16⅝	16½	
24⅞	16	Wynns .60		3.3	13	47	18⅛	18	18⅛	+⅛

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
81¼	49⅝	Xerox 3		3.8	19	2186	80	79¾	79¼	−½
58¼	54⅜	Xerox pf5.45		9.9		64	55	54⅝	55	+¼
28¾	21½	XTRA .64		2.5		84	25⅞	25¾	25¾	
27¼	15	Yorkln			17	374	28⅞	28⅛	28½	−⅜
6	2¼	Zapata				489	4⅜	4⅛	4⅜	+⅛
43⅞	20¾	Zayre .40		1.4	17	2052	29	28⅝	28⅞	−⅝
14¾	9⅜	Zemex .40		3.0	9	27	13⅜	13⅛	13⅜	+¼
29¾	10⅞	ZenithE				1835	28⅞	28	28¼	−¼
17½	8	ZenLab				1349	11⅛	10⅝	10⅞	−⅛
18½	12⅜	Zero .36		2.2	17	12	16⅜	16⅛	16¼	+⅛
52½	32¾	Zurmin 1.36		2.6	18	218	u53⅛	52⅛	52½	+⅝
10⅝	8¾	Zweig n.10e		1.0		3036	10	9¾	9¾	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Steadier dollar spurs upturn in summer rally

WALL STREET

SPURRED by a rebounding dollar and bond market, Wall Street's summer stock market rally revived yesterday in moderately heavy trading, *writes Roderick Oram in New York.*

The US currency regained its recent vigour following comments from Japanese officials that it had further to rise. Bond prices rose ½ a point overnight and maintained the gains in New York.

The Dow Jones industrial average closed up 22.64 points at a record 2,451.05. Buying was concentrated in the large capitalisation blue chips, however, leaving broader market indices short of their records.

The Standard & Poor's 500 index rose 2.11 to 308.96 and the New York and American stock exchange composite indices were up 1.15 to 173.55 and 0.28 to 337.55 and the over-the-counter composite index slipped 0.06 to 427.20.

The narrow focus on blue chips and moderate NYSE volume of 173.9m shares were seen as signs of institutional quarter-end portfolio window dressing. Advancing issues outpaced those declining by a ratio of three-to-two.

Reichhold Chemicals was the most spectacular performer, rising $18¼ to $60½ on 2.4m shares. It said it was reviewing a takeover offer of $52½ a share from Dainippon Ink & Chemicals of Japan. Wall Street is expecting Reichhold to try a recapitalisation at around $60 a share as a defence.

In other takeover related news, Dayton Hudson fell $1¼ to $49¾. The Governor of Minnesota, the retailer's home state, called a special session of the legislature for yesterday afternoon to debate anti-takeover legislation. The company has been the subject of repeated bid speculation.

Burlington Northern jumped $4⅛ to $77⅞. Mr Irwin Jacobs, the Minnesota-based corporate raider, was reported to have a 3 per cent stake in the railroad.

Gruntal rose $1⅞ to $9¼. The regional securities broker agreed to a $9½ a share offer from Home Group, an insurance holding company which was unchanged at $20½.

Chrysler rose $⅜ to $35⅞ on more than 1.6m shares. It was indicted on Wednesday for allegedly disconnecting mileometers on cars test-driven by employees but later sold as new. In contrast, Ford Motor rose $2⅞ to $99¾ and General Motors added $⅛ to $84⅛.

USAir, up $1⅞ to $47, was the most active NYSE issue with 4.7m shares traded. It issued yesterday 10m shares at $45 each which expanded its equity by 37 per cent.

The tone of Wall Street's credit markets were set overnight abroad by the performance of the dollar. Comments from Japanese officials that the dollar might rise further helped stop a slide in the currency triggered earlier in the week by Japanese comments to the contrary.

The performance of the US currency over the past few days suggests it has found a floor for now around Y144.50. Dealers generally feel that it will trade stably in the short term in a narrow range above this.

With the dollar gaining Y1.50 from its overnight low in Tokyo, bonds opened in New York about ½ a point higher. By late afternoon the 8.75 per cent benchmark Treasury long bond was up 11/32 of a point at 103⅝ yielding 8.41 per cent. Shorter maturities posted smaller gains while three-month Treasury bills fell pushing up their bond equivalent yields some four basis points to 5.98 per cent.

Dealers were cautious ahead of yesterday's auction of $7bn of seven-year Treasury's notes, the third leg of this week's $24.5bn mini-refunding. The earlier auctions of two and four year notes had attracted relatively aggressive bids but dealers were left with heavy inventories when sufficient retail buying failed to materialise.

Results of yesterday's auction were largely as expected with an average yield of bids accepted of 8.10 per cent, the highest since 8.85 per cent on January 15, 1986.

CANADA

THE upward trend on Wall Street pushed stock prices higher in Toronto in moderate trade.

Blue chips with US listings performed well. Imasco added C$1 to C$35⅝. Seagram was up C$1¼ to C$104¼ and Bell Canada gained C$½ to C$42⅞.

Banks also fared well, with Royal Bank up C$½ at C$33¾, Toronto Dominion up C$⅜ at C$29⅝ and Bank of Montreal up C$¼ at C$33½.

Despite a steady bullion price, golds moved downwards. Campbell Red Lake lost C$⅝ to C$32¼

SOUTH AFRICA

WITH the bullion price steady, gold share prices eased in quiet Johannesburg trading despite reports of record gold sales for 1986. The Department of Minerals announced gold sales comprised 58.6 per cent of mineral earnings and 68.7 per cent of export revenue last year.

Randfontein gained R7 to R424 with the majority of other gold shares unchanged.

Other minings traded quietly. Vaal Reefs lost R8 to close at R397 and Beatrix slipped 25 cents to R19.

Diamond share De Beers eased 25 cents to end the day at R38.75 after climbing to R39.50. Samancor dropped 35 cents to R7.35.

David Gardner in Mexico City looks at the first share launch since 1981

Mexico sees first issue revival

THE BOOMING Mexico City stock exchange's first new issue of shares in an industrial company since 1981, before the financial collapse of 1982, was launched this week by Internacional de Ceramica (Interceramic), the country's leading ceramic tile company.

Interceramic's Pesos 12bn ($9m) issue is equivalent to 17.7 per cent of its paid in capital.

It is being launched onto a stock market whose 42-spot index had risen from 11,147 in January 1986 to 173,032 by Thursday. This represents a fivefold increase in dollar terms over 18 months.

The company is based in the northern border state of Chihuahua and dominates the ceramic tile business with market share of 38 per cent. It claims to be working at full capacity – against average capacity usage in the Mexican construction industry of only 30 per cent – and export about 10 per cent of its output.

The company reports net profits in the first four months of this year of Pesos 2.5bn on sales of Pesos 7.4bn, against net earnings for the whole of last year of Pesos 932m on Pesos 8.6bn turnover. Most of the new issue is earmarked, the company says, to prepay borrowings that financed a $4.5m expansion of capacity last year.

Market analysts are surprised it has taken this long for a Mexican company to come out with a primary issue, particularly since bank credit has been monopolised by the Government for the past 18 months and interest rates have been at historic highs.

There have been a number of secondary issues, and capital increases. Union Carbide Mexicana on Wednesday launched a Pesos 100bn issue equivalent to 40.7 per cent of its paid in capital, for instance. Last week, Negromex, part of the major Desc holding company and one of the world's largest synthetic rubber producers, launched a successful capital increase.

New issues had, however, been restricted to the brokerage industry issuing its own stock, and to the nationalised banks privatising up to 34 per cent of their capital, though most of the bank stock was pre-placed outside the stock market.

Three major factors have until now inhibit industrial companies from using the notoriously volatile Mexico City bourse to raise capital. Until recent fiscal reforms, tax allowances against debt made credit cheaper than issuing equity.

Until the recent stock market boom most companies' stock was substantially undervalued.

Finally, the Government, as well as monopolising bank credit, has soaked up most capital market liquidity through three-month Treasury bills at over 100 per cent and effectively dollar-indexed Petrobonds.

BRAZIL'S Rio de Janeiro and Sao Paulo stock markets closed higher for the fifth session in a row yesterday, writes Ann Charters in Sao Paulo.

The Bovespa index for Sao Paulo gained 6.4 per cent on Thursday to finish at 11,355. The index has gained 28.7 per cent in the last seven sessions, reflecting renewed investor confidence and bargain hunting of many shares trading well below book value. Volume was Cruzado 1.6bn ($33m).

The Rio exchange closed up 6.5 per cent on Thursday at 3,998 points on volume of Cru 811m.

EUROPE

Strong blue chips prompt Frankfurt, Zurich rallies

BOURSES worst hit by profit-taking on Wednesday staged a recovery, with returning foreign investors concentrating on blue chips. Sporadic profit-taking, however, left smaller bourses mixed to lower.

Frankfurt rallied from Wednesday's largely technical profit-taking to close near the day's highs in busy trade. The midsession Commerzbank index rose 21.1 to 1,882.5.

Foreign buying lifted blue chips, with electonics issue Siemens DM 8.50 higher at DM 740 and Deutsche Bank up DM 16 at DM 632.50.

Carmakers also forged ahead. VW performed most strongly with a DM 17.50 surge to DM 421.50 on bargain hunting. The stock benefited from the news that auditors had exonerated the group's board from fault in the recent currency scandal. Daimler picked up DM 16 to DM 1,113 and BMW rose DM 14 to DM 669.

In chemicals, BASF managed a DM 12 rise to DM 314.50 despite news of a 7 per cent fall in first half earnings. Hoechst gained DM 8.50 to DM 302. Bayer, however, was hit by news of an 8.2 per cent drop in sales for the first five months of this year to fall DM 4.50 to DM 333.

Bonds fell in busy trading but closed off the session's lows. The Bundesbank bought DM 148.1m of paper against sales of DM 228.8m on Wednesday.

Zurich also rebounded broadly from Wednesday's fall, largely on domestic buying but foreign investors remained cautious as the dollar hovered.

Banks fared well. Union Bank of Switzerland bearers recovered by SFr 50 to SFr 4,740 and Swiss Bank bearers by SFr 4 to SFr 466. Crédit Suisse moved on SFr 15 to SFr 3,175 and Bank Leu SFr 5 to SFr 3,225.

In a stonger financial sector, insurers Swiss Ré bearers added SFr 100 to SFr 17,100 and Winterthur bearers SFr 75 to SFr 6,625.

Brussels hit a fourth consecutive closing peak as blue chips drew heavy buying. The market index rose 21.03 to 4,785.54.

Holding group Société Générale de Belgique continued to dominate trading. Its stock, Reserve, added BFr 10 to BFr 3,850 after having made a sudden leap earlier in the week which prompted rumours that it was a takeover target.

Other holdings were weaker, with GBL BFr 50 off at BFr 3,640 and Tractebel BFr 80 down at BFr 7,150.

Amsterdam advanced on late buying amid optimism over the steadier dollar and Wall Street's opening rally.

Royal Dutch was one of few fallers, easing Fl 1.50 to Fl 283.20. Other internationals followed the stronger market, with Akzo Fl 4.40 higher at Fl 150.70, Philips 70 cents up at Fl 52 and KLM Fl 1.50 up at Fl 52.50.

Paris dropped as worries over domestic interest rates prompted a profit-taking spree. Electronics issues were among the softest and Legrand lost FFr 80 to FFr 5,200, while Crouzet gave up FFr 17.70 to FFr 286.10.

Milan was mixed in dull trade. Blue chips eased slightly, Fiat common by L74 to L13,121 and Olivetti by L230 to L13,140.

Italcementi led cements higher, however, with a L65 advance to L99,560

Oslo fell broadly on continued profit-taking. Oil issues had recent gains trimmed, with Saga Petroleum NKr 3 off at NKr 100.

Stockholm was steady in the absence of foreign interest.

Madrid edged higher.

LONDON

A dull performance by sterling and Argyll Group's $298m rights issue conspired to weaken London equity prices. Softer gilts also undercut the market. Buying of blue chips remained selective.

The FT-SE 100 index closed down 6.8 at 2,277.2 and the FT Ordinary index fell 0.9 to 1,772.5.

Longer maturity government bonds rallied to close a net ⅛ down but off their lows. Details, Page 44.

ASIA

High-technologies lead way to extended gains

TOKYO

A RESURGENCE in high-technology issues led Tokyo prices to extend their gains yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average climbed 138.60 to close at 25,031.35, but volume shrank from Wednesday's 979.96m shares to 854.98m as most institutional investors stayed out of the market. Gainers led losers 543 to 364, with 149 issues unchanged.

Investors remained unsure whether the market would be led by stocks reporting good business performance or those profiting from the yen's appreciation and a fall in interest rates.

Reflecting the yen's rally and the plunge of American depository receipts in New York on Wednesday, high-tech blue chips eased in the morning. Issues benefiting from the Government's domestic demand expansion measures were sought, but buying was in small lots and some stock in this category later sagged under selling.

Among constructions, Kajima gained Y40 in the morning, but closed Y50 cheaper at Y1,700 due to small-lot selling, while Taisei Corp fell Y40 from Wednesday to Y1,070 after rising Y20. Consumption-related Mitsukoshi was Y20 down at Y1,820.

Buying of large-capitalization stocks dwindled, and Nippon Steel dipped Y4 to Y317 and Ishikawajima-Harima Heavy Industries Y9 to Y656. Tokyo Electric Power, however, drew bargain-hunters, having fallen nearly 30 per cent from its all-time high of Y9,420 scored last April. It rallied Y150 toY6,950.

As buying of domestic demand-related issues diminished, high-tech stocks and chemicals enjoying buoyant business regained popularity. Mitsubishi Electric, which hit a record high on Wednesday, closed at another high of Y650, up Y30, on the heaviest trading of 69.33m shares, after losing Y10 at the opening.

Hitachi, second on the active list with 34.73m shares traded, added Y30 to Y1,230 and Matsushita Electric Industrial also Y30 to Y2,260. NEC rose Y50 to Y2,200.

A pickup in product prices spurred investors to seek selected chemicals, particularly pharmaceuticals.

Securities houses and investors are closely watching 11 investment funds worth Y563bn to be set up today, since Y256.8bn is planned to be invested in stocks and the market trend could be influenced, depending on what issues are purchased.

The bond market turned up slightly after a sustained fall. The 5.1 per cent government bond, due in June 1996, which dealers had bought disregarding yield levels, opened lower with the yield jumping from 3.600 per cent to 3.800 per cent.

Short-sellers and dealers later began purchasing, however, and the yield finished at 3.705 per cent in block trading on the Tokyo Stock Exchange and 3.675 per cent in inter-dealer trading. The yen's rally had no impact.

SOUTH KOREA

THE announcement that talks between South Korea's President Chun Doo Hwan and opposition leader Mr Kim Young Sam had ended in failure sent share prices on the Seoul Stock Exchange spiralling downwards. Pessimism over the prospects of a peaceful political solution in the near future sparked widespread selling.

Volume totalled 25.83m shares on a turnover of 32.6bn won with 311 issues declining and only 45 rising. The composite stock price index lost 7.12 points to close at 380.90.

Industrial shares posted losses across the board. Only petrochemistry, finance and marine transportation managed to hold steady or rise slightly.

Construction and low price trading, which had both been bullish earlier in the week, posted drops.

SINGAPORE

STRONG demand for selected blue chips and banking stocks edged the Straits Times industrial index up 4.24 to close at a new high of 1,256.66 after a day of active trading. Turnover rose to 60.1m units from 58.2m units.

Early firmness, however, eased later in the day on widespread profit-taking. The slower afternoon was also prompted by anticipation of a possible price correction soon.

Subscription to Singapore Airlines' shares were below expectations and shares traded at S$13.20, down 10 cents.

Among the active stocks was Hong Leong Credit, rising 18 cents to close at S$4.28 on a turnover of 4.3m units. Leading the gainers was Metro with a 70 cent rise to end the day at S$11.80.

DBS, ICS, Malayan Tobacco, Transmarco and National Iron also posted good gains on buying interest from local and foreign institutions.

AUSTRALIA

A FIRMER gold price and European interest in Australian mining shares opened the market on a firm footing. Active trading in metals and minerals lifted the sector index 2.5 to 1,007.6.

Slips in prices over the day left share prices little changed at the close of trading.

Turnover rose to 178m shares, up 30m from the previous day.

Trading was heavy in diversified mines group CRA which touched A$8.90 before slipping later in the day to close at A$8.50, down 26 cents on Wednesday's close. Western Mining shares were also active, closing 6 cents up at A$5.76. Most other mining shares firmed.

The gold stocks index was up 39 points at 2,774 with the biggest gain in Kidston Gold Mines, which rose 30 cents to A$6.30. Placer Pacific rallied 20 cents to A$3.25.

The All Ordinaries index closed at 1,742.9, 3.3 higher.

HONG KONG

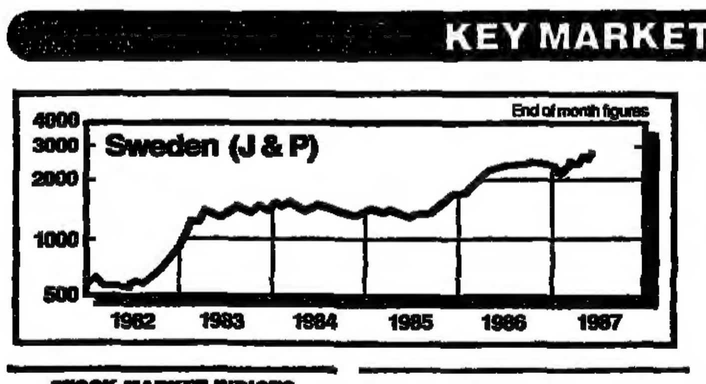
NERVOUS profit-taking in Hong Kong after Wednesday's surge pushed share prices sharply lower. The Hang Seng index fell 42.67 to close at 3,136.31 on turnover of HK$1.351bn from HK$1.274bn the previous day.

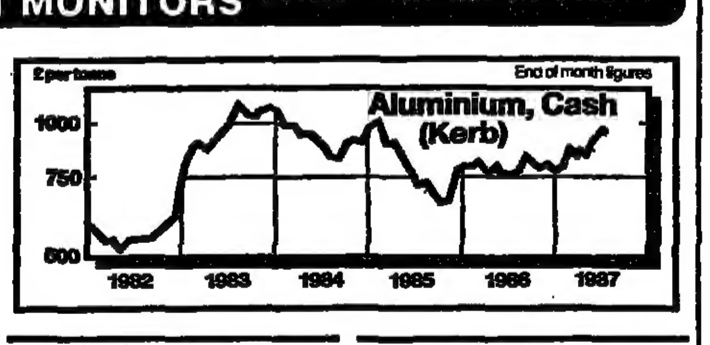
Continuing uncertainty over the issue of direct legislative elections, coupled with a more volatile market encouraged defensive buying in stable stocks. Banking issues maintained their steady gains of the last week while property shares, commercial and industrial stocks fell sharply.

Bank stocks posted a group gain with Bank of East Asia rising 10 cents to HK$24.50 and Hang Seng adding HK$1 to HK$9.15, ending its steady climb over the past week.

In the property sector Cheung Kong lost 40 cents to HK$12.70, Hang Lung Development dropped 60 cents to HK$14.20 and Hongkong Land lost 20 cents to end at HK$8.90.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	June 25	Prev	Year ago
DJ Industrials	2,444.67*	2,428.41	1,885.05
DJ Transport	1,037.18*	1,027.20	782.13
DJ Utilities	209.41*	207.51	193.02
S&P Comp.	308.60*	306.85	248.93
LONDON FT			
Ord	1,772.5	1,773.4	1,353.1
SE 100	2,277.20	2,284.0	1,629.40
A All-share	1,143.83	1,145.57	808.50
A 500	1,269.43	1,273.31	891.86
Gold mines	375.9	373.6	202.1
A Long gilt	9.33	9.05	8.08
World Act. Ind (June 24)	131.91	131.64	92.11
TOKYO			
Nikkei	25,031.35	24,892.75	17,516.8
Tokyo SE	2,134.25	2,117.09	1,353.86
AUSTRALIA			
All Ord.	1,742.9	1,739.5	1,195.7
Metals & Mins.	1,007.5	1,005.1	509.5
AUSTRIA			
Credit Aktien	182.57	183.54	241.17
BELGIAN SE	4,785.50	4,764.50	3,676.78
CANADA			
Toronto			
Met & Mins.	2,771.8	2,781.1	2,133.0
Composite	3,706.0	3,692.6	3,066.2
Montreal			
Portfolio	1885.59	1,873.23	1,557.46
DENMARK SE			
SE	209.96	210.88	217.40
FRANCE			
CAC Gen	397.80	405.0	353.7
Ind. Tendance	98.90	99.90	84.16
WEST GERMANY			
FAZ-Aktien	621.94	614.64	646.88
Commerzbank	1,882.50	–	1,956.5
HONG KONG Hang Seng	3,136.31	3,178.98	1,759.72
ITALY Banca Comm.	702.05	703.03	671.71
NETHERLANDS ANP CBS			
Gen	303.40	301.10	290.1
Ind	261.70	258.80	283.9
NORWAY Oslo SE	429.45	431.37	364.60
SINGAPORE Straits Times	1,256.60	1,252.40	771.44
SOUTH AFRICA JSE			
Golds	—	2,042.0	1,258.7
Industrials	—	1,897.0	1,175.7
SPAIN Madrid SE	240.78	239.14	177.16
SWEDEN J & P	2,709.80	2,718.90	2,399.10
SWITZERLAND Swiss Bank Ind	610.10	–	559.2

COMMODITIES (London)

	June 25	Prev
Silver (spot fixing)	422.85p	429.25p
Copper (cash)	£994.00	£968.00
Coffee (September)	£1,252.00	£1,257.00
Oil (Brent Blend)	$18.625	$18.675

GOLD ($/oz)

	June 25	Prev
London	$441.00	$442.00
Zürich	$440.25	$441.95
Paris (fixing)	$438.42	$441.77
Luxembourg	$441.20	$442.50
New York (August)	$443.80	$446.40

CURRENCIES (London)

	US DOLLAR June 25	US DOLLAR Previous	STERLING June 25	STERLING Previous
$	–	–	1.6125	1.6215
DM	1.8280	1.8225	2.9475	2.956
Yen	146.30	145.0	236	235
FFr	6.10	6.0625	9.8375	9.8625
SFr	1.5185	1.5110	2.4475	2.45
Fl	2.0590	2.0510	3.32	3.325
Lira	1,322	1,318.5	2,132	2,138
BFr	37.90	37.85	61.10	61.35
C$	1.3300	1.3335	2.1435	2.1610

INTEREST RATES

Euro-currencies (3-month offered rate)	June 25	Prev
£	8⅝	8 11/16
SFr	4 1/16	4
DM	3 13/16	3 13/16
FFr	8 5/16	8⅜
FT London Interbank fixing (offered rate)		
3-month US$	7 5/16	7 5/16
6-month US$	7⅜	7⅜
US Fed Funds	6⅜*	6⅝
US 3-month CDs	6.80*	7.125
US 3-month T-bills	5.825*	5.97

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June 24				
(Sept)	92–14	92–25	92–07	92–05
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.85	93.90	93.84	93.80
Certificates of Deposit (IMM) $1m points of 100%				
(June)	n/a	n/a	n/a	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.61	92.64	92.57	92.58
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	124–02	123–24	123–22	124–11

US BONDS

Treasury

	June 25 Price	June 25 Yield	Prev Price	Prev Yield
7⅞ 1989	99[illegible]	7.47	100[illegible]	7.49
7 1994	94[illegible]	8.12	94[illegible]	8.139
8½ 1997	101[illegible]	8.26	101[illegible]	8.29
8¾ 2017	103[illegible]	8.40	103[illegible]	8.44

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index June 25	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.98	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	June 25 Price	June 25 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.21	6.40	93.07	6.35
SCBT South Central 10⅞ Jan 1993	103.125	10.14	102.75	10.22
Phibro Sal 8 April 1996	92.87	9.20	92.31	9.30
TRW 8⅞ March 1996	97.62	9.15	96.75	9.30
Arco 9⅞ March 2016	103.64	9.50	103.14	9.55
General Motors 8⅛ April 2016	86.51	9.50	86.08	9.55
Citicorp 9⅞ March 2016	94.11	10.0	92.35	10.20

Source: Salomon Brothers

* Latest available figures